

COMMUNITIES THAT THINK SMALL AND WIN BIG

HEARING BEFORE THE COMMITTEE ON SMALL BUSINESS UNITED STATES HOUSE OF REPRESENTATIVES ONE HUNDRED FIFTEENTH CONGRESS SECOND SESSION

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COMMUNITIES THAT THINK SMALL AND WIN BIG

WEDNESDAY, JUNE 20, 2018

HOUSE OF REPRESENTATIVES,
COMMITTEE ON SMALL BUSINESS,
Washington, DC.

The Committee met, pursuant to call, at 11:03 a.m., in Room 2360, Rayburn House Office Building, Hon. Steve Chabot [chairman of the Committee] presiding.

Present: Representatives Chabot, King, Luetkemeyer, Marshall, Curtis, Velázquez, Lawson, Clarke, and Schneider.

Chairman CHABOT. Good morning.

The Committee will come to order. And we are supposed to have votes in just a little while. So we are going to try to get off as quickly as possible and on time and then move pretty rapidly so we can get through as many of the testimonies as possible here.

So, before I begin my opening statement, I would like to thank Mr. Kelly, who is not with us right yet, but he is Chairman of the Subcommittee on Investigations, Oversight, and Regulations, for inviting me to participate in Monday's field hearings in Southaven, Mississippi. I enjoyed the southern hospitality and appreciated the opportunity to talk shop with rural small business owners. And I am happy to report that our Mississippi witnesses reflected the surging optimism measured in the latest National Federation of Independent Business survey.

Here at the Small Business Committee, we like to think that small business owners' optimism is, at least in part, a result of the hard work that we do here in this room on both sides of the aisle, because this, as I always like to say, is a Committee that really does work in a bipartisan fashion as much as possible.

Of course, the Committee cannot take all the credit. The historic progress made to reduce tax and regulatory burdens on America's small businesses is a result of congressional action and support from the White House as well and, obviously, particularly for the hard work of small businesses all across America. That is where the real effort is, and we are seeing the result of that now.

We rely on local policymakers and community organizations to implement reforms, develop innovative support systems, and advocate for our Nation's 30.2 million small businesses. From Southaven to Simi Valley, small businesses are creating more jobs, reinvesting in their employees, updating new equipment, and setting higher goals for growth. That doesn't mean we can take our foot off the gas pedal. There is a lot more work to be done.

This Committee, we are here today to highlight communities that have developed thriving small business ecosystems. In your community, you may see shops run by local artisans and farmers and restaurateurs, but you probably won't see what is happening behind the scenes. Every small business ecosystem relies on a delicate balance of support and resources to survive.

The creation of a healthy ecosystem requires significant investment by all participants, small business owners, support organizations, and policymakers. To be successful, each ecosystem develops according to the unique needs of its location. No two Main Streets are identical. Each community capitalizes on its own unique offering.

Policymakers and support organizations, like the ones we have on this panel, have developed innovative strategies, resources, and measurements to ensure local small businesses are thriving. Our witnesses will detail the investments required for a business-friendly community. They will also discuss the economic, social, and cultural impact of small business investment.

I have observed this phenomenon in my district, specifically on the revitalized Over-the-Rhine neighborhood. And I would look forward to hearing more success stories from our witnesses today, and I am grateful for their participation here and their efforts back in their communities.

And I would now like to yield to the gentlelady, Ms. Clarke, for a purpose of making an opening statement. The Ranking Member, Ms. Velázquez, is not able to be with us right now, but I think will be here later.

Ms. CLARKE. That is my understanding, Mr. Chairman.

And I thank you for yielding to our panelists. We want to welcome you and your expert testimony here today.

Thank you, Mr. Chairman.

Our nation's 30 million small businesses play a critical role in their local communities. However, starting a small business isn't easy. Nine out of 10 startups fail because of a multitude of obstacles that stand between an entrepreneur and a successful business.

For startups to succeed, they need access to capital, a solid business plan, and a strong workforce. Although SBA offers some of these services nationally, local entrepreneurial and small business development programs can provide tailor-made solutions to fit the community.

Today, we have representatives from several municipalities that are filling this gap and helping Main Street America grow. These programs are set up around the country and offer a variety of incentives and services that make starting and growing a business easier. From finding a business location to developing the skills of young workers, such services provide the catalyst for small businesses to thrive.

Some provide financial incentives like specialized grants and loans so businesses can hire more workers or expand work space. In fact, our witness today, the New York City Department of Small Business Services, is offering a loan program for women and minority business owners to help traditionally underserved portions of the community.

But they offer much more than just financial incentives. Local organizations provide site selection services to help firms maximize exposure to their target markets and identify new customers. Through professional counseling, which can range from pro bono legal assistance to business planning, innovators can learn how to optimally run their operations for success.

Finally, we all know a business is only as strong as its workforce. To that end, some localities have begun offering grants and tax incentives for apprenticeships and on-the-job training. This allows workers to gain valuable new skills so businesses are better able to compete in the marketplace.

This hearing gives us the opportunity to analyze the innovative ideas deployed by our witnesses and explore what makes a town, city, or county a great place for small business. It is my hope that we can establish a set of best practices for these programs, which can be used by other municipalities and future federal programs to stimulate small business growth.

Thank you all for being here today. I appreciate our witnesses taking time from their busy schedules to join us.

And I yield back, Mr. Chairman.

Chairman CHABOT. Thank you very much. The gentlelady yields back.

And if Committee members have opening statements, I would ask they be submitted for the record.

And we will take just a moment to explain our rules relative to timing. They are pretty simple. You get 5 minutes, and then we get 5 minutes to ask questions. And there are some lights to assist you there. The green light will be on for 4 minutes; the yellow light will come on and will be on for 1 minute; and then the red light will come on to let you know the 5 minutes is up. And if you could kind of stay within those parameters, we would greatly appreciate it.

And I will—now we will go ahead and introduce our distinguished panel here this morning. And I would like to yield to the gentleman from Missouri, Mr. Luetkemeyer, who is the Vice Chairman of this Committee, to introduce our first witness.

Mr. LUETKEMEYER. Thank you, Mr. Chairman.

I am pleased to introduce today one of my constituents, Greg Prestemon, who serves as the President and CEO of the Economic Development Council of St. Charles, Missouri, where he has worked to provide startup assistance, small business financing, and business attraction and retention programs for St. Charles County there in my Third Congressional District.

Mr. Prestemon has dedicated his career to making St. Charles County the most attractive destination for entrepreneurs and small businesses alike. Prior to coming to St. Charles EDC, Mr. Prestemon was the Executive Director for the Grinnell 2000 Foundation, where he directed a multicomunity development program.

Previously, Mr. Prestemon worked as a professional economic developer in New York. We won't hold that against him because he has become Missourianized now. He is one of us. Mr. Prestemon attended the University of Iowa, where he earned a Bachelor of Arts in political science and government and a subsequent master of arts degree in economic development with a concentration in development finance.

Mr. Prestemon, thank you for being here. Always a pleasure to see you. Welcome, Greg, and look forward to your testimony.

Chairman CHABOT. Thank you very much.

And our next witness will be Derek Miller, the newly appointed President and CEO of the Salt Lake Chamber and Downtown Alliance. Mr. Miller previously served as Chief of Staff to Governor Gary Herbert and as Managing Director of the Governor's Office of Economic Development under Governor John Huntsman, Jr. He began his career in Washington, D.C., and spent 3 years as a Legal Counsel to House Transportation and Infrastructure Committee, and we thank you for your participation.

Our third witness will be Ms. Vanessa Wagner, who serves as Loudoun County's Small Business and Entrepreneurship Manager. In this capacity, she is dedicated to supporting small businesses and growing the entrepreneur ecosystem in the county. She has more than 10 years of marketing and program development experience with small business and international organizations.

And we welcome you here as well, Ms. Wagner.

And I would now like to yield to the acting Ranking Member, Ms. Clarke, for the purpose of introducing our fourth and final witness.

Ms. CLARKE. Thank you, Mr. Chairman.

As Commissioner of the New York City Department of Small Business Services, Mr. Greg Bishop is charged with running a dynamic city agency focused on equity of opportunity, economic self-sufficiency and mobility for New York City's diverse communities. SBS actively connects New Yorkers to good jobs, creates stronger businesses, and builds a thriving economy in neighborhoods across the five boroughs.

A New York City native, Mr. Bishop began his career at the agency in 2008 designing programs to make it easier for businesses to start and grow and to recover from emergencies. After a number of successful promotions, he was appointed commissioner by Mayor Bill de Blasio in November of 2015.

Mr. Bishop holds a master's degree from Florida State University, a BS from Florida A&M University, and he is also a graduate of Harvard Kennedy School's Senior Executives in State and Local Government Program. Thank you for being here today.

And on a side note, Mr. Prestemon, once a New Yorker, always a New Yorker.

I yield back.

Chairman CHABOT. The gentlelady's comment will be stricken from the record. No, just kidding. Just kidding. I am not a judge here.

Mr. LUETKEMEYER. Thank you, Mr. Chairman.

Chairman CHABOT. And I am from Ohio. Yeah. But we appreciate the sentiments.

And before we get to Mr. Prestemon, I would just remind folks that we are going to have votes here shortly. If you hear the buzzers go off, just ignore them, and we will try to get through a number of these. We have 15 minutes to get over there. So we will probably—even after that—and then it will go off again 5 minutes later, and we may still go on, but members will have time to get over and vote.

So, Mr. Prestemon, you are recognized for 5 minutes.

STATEMENTS OF GREG PRESTEMON, PRESIDENT & CEO, EDC BUSINESS & COMMUNITY PARTNERS, ST. CHARLES, MO; DEREK MILLER, PRESIDENT & CEO, SALT LAKE CHAMBER AND DOWNTOWN ALLIANCE, SALT LAKE CITY, UT; VANESSA WAGNER, SMALL BUSINESS AND ENTREPRENEURSHIP MANAGER, LOUDOUN COUNTY DEPARTMENT OF ECONOMIC DEVELOPMENT, ASHBURN, VA; AND GREGG BISHOP, COMMISSIONER, NYC DEPARTMENT OF SMALL BUSINESS SERVICES, NEW YORK, NY

STATEMENT OF GREG PRESTEMON

Mr. PRESTEMON. Thank you. Well, I very much appreciate this opportunity. I am really honored to be here.

Chairman CHABOT. Could you pull the mike up a little bit? It will—

Mr. PRESTEMON. And I am proud of having spent a little time in New York, so especially in August, which is much nicer.

I represent a 30-member board of directors that is a true public/private partnership. We have 10 local government representatives and 20 private sector folks. So—and I am representing a county that has about 400,000 people, somewhere north of 9,000 small businesses.

So we have a really simple mission as far as I am concerned: It is to help businesses and the communities in our county to succeed and grow, you know. And ever since the EDC's inception in 1992, we have concentrated the lion's share of our resources on small business development, for sure.

We do this through two main flagship programs. We are what is called a Certified Development Company, or CDC, so we operate the 504 Loan Program, which is ultimately under your jurisdiction here, and we are a pretty big player in that. We have a portfolio today of about 120 million and, you know, almost 300 loans from all across the State of Missouri.

But we are also an important participant in the Missouri—University of Missouri Small Business Technology Development Center Program, which is a mouthful. While our local impacts have been large, I think the statewide impacts are even more important, I think are stunning. From 2015 to 2017, the statewide network of SBTDCs, which are very thinly staffed, by the way, have helped generate over \$1 billion in annual sales for those companies that they served and north of \$1 billion in procurement awards, which I know is something that is close to the heart of this Committee; that is the PTAC program, which is part of that SBDC network.

But enough about the numbers. I want to talk about the principles that we use at the EDC, and I think you will find some commonality between what we do and what the other speakers were talking about. I think that we have been successful in part because we believe that all small businesses are important. We think the mom-and-pop retailers or the auto repair shop is just as important as the IT technology startup. We want those too, but we have had to kind of serve the companies that come in front of us so we are market-oriented.

So our approach is not to target a particular type of business but instead to help what the market provides. So all small business is

important, is our main principle. The second one is that we strive to have all of our programs—and there are many—kind of be in alignment with each other. Even in a small organization, it is easier for silos to develop.

So, for example, whenever we have a 504 borrower, we try very hard to make sure that they are SBDC clients as well and vice versa. You know, that only makes sense because 504 borrowers need to repay federally guaranteed loans, and so we want them to be healthy for that reason, if no other. And then all SBDC clients, you hope, will get to a critical mass where they are in need of long-term fixed-rate financing that a 504 program provides. So that alignment, I think, is important. And I think that we are somewhat unique in doing that in terms of the other CDCs around the United States.

Second thing, we are trying to strive for our programs to be community sensitive. And I will tell you a story. About 2 years ago, a company called the Good News Brewing came to—an entrepreneur came to us with an idea to set up a microbrewery in an area in St. Charles County that would not be considered to be trendy or chic and maybe out of favor.

And through that process, we found that there was indeed a market. And fast forward, they now have a thriving microbrewery business. Now they have come back to us for a second idea, again in an area that is not particularly in favor, to open a really kind of high-end coffee shop. You know, it is something that—and this one will work too.

That kind of synergy between the best of the SBDC and the best of the financing programs will be—you know, has really borne fruit, and I think it potentially could be a game changer for this kind of older area of St. Charles County. And I think that story you could find all across the United States, and I know I could tell you dozens of them, but that would be an example.

And, finally, we are able to do this because of strong partnerships. I mean, the—certainly the EDC made a difference in this particular company. But, you know, between the University of Missouri, obviously the SBA, the city of O'Fallon, St. Charles County government, all of them had to coalesce around the goal of helping this individual small business and other businesses just like them.

No one participant had all the ingredients to get this job done, but together they did. And this is a success story, and it is not a bad day's work for all of the people involved in this kind of thing. So, on behalf of businesses and communities in St. Charles County, I want to give you thanks. Zero, phew.

Chairman CHABOT. Right on the dot. Thank you very much. We appreciate it.

Mr. PRESTEMON. Sure.

Chairman CHABOT. Mr. Miller, you are recognized for 5 minutes.

STATEMENT OF DEREK MILLER

Mr. MILLER. Chairman Chabot, Ms. Clarke, and members of the Committee, thank you for the invitation to speak to you today about Utah's thriving small business ecosystem.

Utah's economy is one of the best in the nation. Utah ranks number one in the U.S. for job growth and enjoys consistently low unemployment. I am proud to say that small business is at the heart of this success, with over 277,000 small businesses that make up 99 percent of Utah companies and 57 percent of total employees.

Now, you may be asking yourself, as a visiting Chinese diplomat asked me recently, how did a state I have never heard of become the fastest growing economy in the United States of America? I want to share with you what I shared with this diplomat, four areas that I believe are fundamental to Utah's economic success.

The first is a growing and educated workforce. Any business will tell you, if they can't find good people, then nothing else matters. Utah's public education system has a strong partnership with our business community to identify and fill gaps in our workforce. One way this collaboration is evident is through the Talent-Ready Utah Initiative, which includes technical training for students throughout high school so they graduate not only with a degree but with a high-wage, high-demand job.

The second factor is taxes and regulation. Utah benefits economically from our flat 5 percent personal and corporate tax rate. Low taxes are important to small businesses, but equally important is a stable tax rate. Utah's tax rate has not risen in nearly 20 years. In 2011, the state conducted one of the most thorough regulatory reviews in the nation. The experience that gave rise to this reform was a small business owner who wondered aloud, why can I not fax or email my license renewal instead of having to mail it? The question spurred a regulation review, caused us to look at the regulation, and sure enough, the rule only allowed for mail—no email, no fax, and certainly no online renewal. A closer inspection showed that the rule was written in 1973. Based on this experience, Governor Herbert asked each member of his cabinet to review every state regulation and asked two simple questions: Does the rule impact business, and what is the public purpose? In nearly 400 instances, there was no good answer to that second question, and so those rules were either modified or eliminated.

The third factor is incentives. Incentivizing business creation and sustainable growth is key to Utah's thriving small business ecosystem. There are several State programs that assist new and existing businesses. One example is the Utah Science, Technology, and Research, or USTAR, Initiative that specifically assists startup and early stage tech companies, like ENVE Composites, a small business that designs and manufactures carbon fiber bicycle wheels and components.

The final area is international trade. It may surprise you to find out how important trade is to an inland state like Utah. Trade is not killing Utah; in fact, in Utah, Utah is killing it when it comes to trade. Let me share with you a story that illustrates the point. Butcher's Bunches makes all-natural fruit preserves. The Butcher family began selling their product at a farmers' market in Park City to tourists from around the world. They began asking Liz Butcher how they could buy her jam at their home. Liz had never considered selling outside of the United States, but the encouragement from her customers gave her the confidence to try, and today she sells to Japan, the U.K., France, Australia, Canada, and Dubai.

These are all ways, I believe, Utah is doing it right when it comes to supporting small businesses, but that does not mean that those companies don't face challenges. In fact, in some rural areas of our state, the economic story is very different from what I have just described.

To address this, Governor Herbert set a goal to create 25,000 jobs in 25 rural counties. I was grateful to lead the 25K jobs tour that kicked off this goal. Over 20 business service providers visited the 25 rural counties to connect local businesses and job seekers with available tools and resources.

Based on my experience on the 25K jobs tour, may I just mention what I think is the most important element of Utah's economic success: That is our people. Utah's small business owners, whether in urban Salt Lake City or rural Salina, epitomize our state's motto of industry. They are good, hardworking people with a strong entrepreneurial spirit. Utah's pioneering heritage is alive and well across the state from Grouse Creek to Montezuma Creek. Thank you again for the opportunity.

Chairman CHABOT. Thank you very much.

And the buzzer just went off. We have 15 minutes so we should be able to get through the final two, if they keep on their 5 minutes as these two did.

So, Ms. Wagner, you are recognized for 5 minutes.

STATEMENT OF VANESSA WAGNER

Ms. WAGNER. Great. Thank you.

I would like to begin by thanking the Congressional Small Business Committee for inviting me to testify today on behalf of Loudoun County Economic Development and our small business partners.

As a Small Business Entrepreneurship Manager, I am charged with building an entrepreneurial ecosystem to ensure we have the programs, people, and places so that our small businesses can thrive. While my focus is on technology startups, the programs we support help our Main Street businesses as well.

So one of the things I would like to urge today is building an ecosystem around your community's unique advantages will prove more sustainable and impactful than placing a trend in the middle of your city.

What I learned in my experience—and I will admit, when I started as a stakeholder, I wanted to hit all the buzzwords. I wanted to find out all of the new coworking spaces, the venture capitalists. I chased around all of the pitch events. What I quickly learned in my role is that we already had the resources we need in Loudoun County to be successful.

And one of those biggest resources I encourage people to look at and identify is the existing businesses within their community. By utilizing a mix of your legacy businesses, your large giants, in addition to your small, growing companies, that is where you are going to find the talent and the experience as well as the inspiration for your next generation of businesses.

I want to start by talking about some of the giants in your community or the legacy businesses that could help support an entrepreneurial ecosystem. In Loudoun County and the D.C. region, one

of the most impactful organizations in our history remains America Online, or AOL. From 1994 through its growth into the 21st century, AOL had a giant impact on our region. Not only did they develop the region's technology workforce but also the spirit of innovation.

When AOL moved its headquarters from Dulles to New York in 2007, it continued to have an impact on our region. It left behind a wake of tech talent but also executives that later became future founders as well as angel and institutional investors for our next generation.

Even after the presence of AOL began to slow down, the company continued to have an impact. They worked to create an incubator within their walls, allowing new startups to come inside, utilize the existing infrastructure, the talent that they had, the human resources, and today, our region is benefiting from the results of these efforts. In Loudoun County in particular, that has inspired a new wave of startups, companies like MilAdvisor, ThreatQuotient, ParkMyCloud, X-Mode Social, and many others in the area.

As the Entrepreneurship Manager in Loudoun, I didn't seek to change what was working with this legacy business or their impact; rather, it was my role to promote this opportunity to the right startups. This could be as simple as an email introduction or sponsoring events to be hosted at the facility so that new entrepreneurs could be inspired by the potential.

These relationships—as Fishbowl Labs did end up leaving Loudoun County, the relationships forged still continued to help our community because when those companies were suddenly finding themselves without a home or an incubator, we were able to work with another entrepreneur in the community to place them in a new building, Terminal 68. At that time, one of the companies, X-Mode Social, only had 10 employees, but through the investment of time made from the entrepreneurs and the talent already in our community, that company had 10 employees back in August and is now pushing 40. And that is utilizing our legacy resources.

But relying on the largest employers is providing a disservice to your entrepreneurs. Facilitating introductions and relationships to your growing companies and early stage entrepreneurs should be included in any community strategy. Loudoun small business partners leverage growing firms such as Omnilert, Cofense, Telos, K2M, amongst others. The advantage of working with this new cohort of technology firms is that they can provide recent examples of challenges and solutions faced in building their business.

Our growth firms are invested in the region because, as they say, all ships rise with the tide. A community has to seek unique ways to make these interactions. For us in Loudoun, leveraging our chamber in the Loudoun Technology Coalition is a natural way.

For example, our cybersecurity firm Telos, one of the fastest growing cyber firms in the country, they sponsor the tech coalition and work to enhance the programming there. Just last week, we had three executive members from Telos sit with our small startups, our entrepreneurs, our solopreneurs to talk about trends in cyber. And when I left, conversations were still going. So the results of these interactions is still yet to be known.

So, when entrepreneurship catalysts are seeking to build onto their entrepreneurial ecosystems or their resources, they don't need to look much further than their existing businesses. This is where you are going to find strong assets for mentorship, experience, and support in building your next generation of entrepreneurs.

My testimony focuses on examples related to technology enabled firms, but if I had more time, I could easily sit here and give you examples of how this helped our rural community, our craft beverage industry, and many more. One size does not fit all for entrepreneurship, and I encourage you to look at your existing resources first. Thank you.

Chairman CHABOT. Thank you very much.

Mr. Bishop, you are recognized for 5 minutes.

STATEMENT OF GREGG BISHOP

Mr. BISHOP. Thank you. Good morning, Chairman Chabot, and sitting in for Ranking Member Velázquez Representative Clarke, and other members of the House Small Business Committee. My name is Greg Bishop, and I am the Commissioner of the New York City Department of Small Business Services. I thank you for this opportunity to testify before the Committee and share some of the great work and best practices that we are seeing in New York City.

At SBS, we aim to unlock economic potential and create economic security for all New Yorkers by connecting them to quality jobs, building stronger businesses, and fostering thriving neighborhoods. Unlike other city agencies that work with businesses, we do not enforce regulations but rather provide the necessary services to help them start, operate, and grow.

We provide services to New York City's 230,000 small businesses through our network of seven Business Solution Centers and eight industrial business service providers. At SBS, we know that small businesses are essential to the local economy and character of our neighborhoods. Despite the fact that small businesses face challenges due to unprecedented growth New York City has seen in recent years, our small businesses continue to grow.

Over the last 10 years, the number of businesses in New York City have increased by 10 percent according to the U.S. Census County Business Patterns report. That is why I believe it is critical for municipalities to incorporate small businesses into their economic development strategy because it not only helps small businesses grow but also provides their city with good jobs, vibrant neighborhoods, and a better quality of life.

Many small businesses struggle to access credit so SBS provides free financing services through our business centers. We work regularly with more than 40 different lenders, the majority of which are community development financial institutions and other financial institutions. CDFIs play a critical role in our efforts to providing financing to businesses that are not able to access traditional bank financing.

Since the start of this administration, SBS has connected approximately 1,800 businesses to over \$155 million in financing. As we see businesses grow in New York City, the city has also implemented necessary regulations to worker protections. Regulations

are important to ensure health and public safety, but they should be fair and not overly burdensome to small business owners.

In 2015, the mayor launched Small Business First, a major multiagency effort to reduce the regulatory burden and help businesses understand and comply with city regulations. To make it easier, we built a state-of-the-art NYC business portal to serve as a central repository of key business information and a single place for business interactions with the city.

On the NYC Business Portal, a business owner can create an account, link their licenses, permits, inspections, and violations from city agencies onto one dashboard. In 2017, there were more than 1 million visits to the NYC Business Portal.

A key focus of our work is ensuring our program is accessible to all New Yorkers, including women entrepreneurs. Through extensive research and outreach, we developed WE NYC, a series of programs to address the most common challenges women entrepreneurs face.

Most recently, we launched WE Fund Crowd, a city-led crowdfunding program that helps women entrepreneurs access affordable capital and start businesses. WE NYC has been a great success and other cities have taken notice, with Boston recently launching their own women entrepreneurs Boston program modeled on WE NYC.

Growing up with my grandmother in Grenada, who supported our household as a women entrepreneur, I came to understand firsthand that business ownerships can empower family and support greater economic opportunity for future generations.

With approximately 6 out of 10 New Yorkers being either immigrants or children of immigrants and nearly half of small businesses owned by immigrant entrepreneurs, New York City has always been and will continue to be a city of immigrants.

To that end, SBS created Building Your Business in New York City, a guide for immigrant entrepreneurs which is available in seven languages. Through the use of the city's purchasing power, the New York City Minority and Women-owned Business Enterprise Program aims to support the growth of minority and women-owned businesses and ensure our vendors reflect the diversity of our city.

At SBS, we provide essential capacity-building services and technical assistance so businesses can compete for and execute government contracts. The Procurement Technical Assistance Center, funded in part by the Department of Defense and administered by the Defense Logistics Agency, offers critical support to small businesses.

We believe that in order for small businesses to gain and sustain growth, they must be prepared to take advantage of multiple revenue streams, particularly minority, women, veteran, and service-disabled veteran-owned businesses that have historically not had access to government contracting opportunities.

As you can see, New York City has made small businesses a priority, and as a result, we have seen them flourish. We hope municipalities from across the country use New York City as a model and replicate our successes by recognizing the strength and diversity in our city and helping immigrant women, black entrepreneurs, and

other entrepreneurs of color to grow thriving businesses and careers. We are ensuring every New Yorker has access to economic security while growing our city's economy.

Thank you for the opportunity to share the importance of small businesses in New York City and cities across the nation. I look forward to your questions.

Chairman CHABOT. Thank you very much. We appreciate all the witnesses for staying right on time. We appreciate it.

We are going to be in recess for a little while. We have votes. And then we will be back here to follow up with questions. So I would encourage all members to come back as quickly as they can after votes, and we are in recess.

[Recess.]

Chairman CHABOT. The Committee will come back to order, and we will hopefully be joined by some of our colleagues here shortly.

And we have been joined by our Ranking Member, the real Ranking Member, Ms. Velázquez, although Ms. Clarke did a fine job filling in for her.

So I recognize myself for 5 minutes. My first question, Mr. Prestemon, you had mentioned that one of the loan programs that you deal with in your capacity is the 504 Loan Program. And, you know, we hear a lot about the 7(a) Loan Programs; the 504, not quite as known by the public.

And I know that—we have Hamilton County Development Corporation back in my area in Cincinnati, Ohio, and they do use that program a lot. Could you kind of tell folks who may not be familiar with it how it works and how businesses can take advantage of it.

Mr. PRESTEMON. Sure. The 504 Program is a long-term, fixed-rate, fixed-asset program, so, you know, typically, 20-year amortization, and it is always done in partnership with a bank. So, basically, the bank lends at the end of the process 50 percent of the proceeds, and we come in as the agents for the SBA to underwrite the other 40 percent and then the borrower would typically have a 10-percent equity.

Chairman CHABOT. Okay. And in general, how would a small business qualify for that program or try to take advantage of it?

Mr. PRESTEMON. Yeah. Well, they need to be—first of all, they need to have a reasonable cash flow, so they need—it is underwritten to standards very similar to what any bank would underwrite it to, so they have to be able to show they can cover debt service. And they have to be financing a fixed asset, so land, building, machinery, and equipment. But there is—virtually any kind of business can be financed through it as long as it has a fixed asset that would be financed.

Chairman CHABOT. Okay. Thank you very much.

Mr. Miller, I will turn to you next. You had mentioned in your testimony—I thought it was interesting; you mentioned in particular a program. I think your Governor in your state, you had gotten rid of a bunch of regulations which, you know, no longer really made any sense. How important is it for us at the federal level and also for local communities to get rid of regulations that really don't have any real purpose anymore?

Mr. MILLER. Thank you, Mr. Chairman.

I recognize that sometimes when we talk about regulatory reform, that can be viewed as a political issue or even a partisan issue, but I don't believe it needs to be. And the reason I shared the story that I did about the not being able to email or fax, I think, is a good illustration of the many regulations, at least in Utah, that we found were on the books. No one had ever gone back and looked at it again, you know. Of course, a law that was written in 1973 wouldn't talk about email, wouldn't even talk about fax, and certainly wouldn't talk about online.

But we like to say in Utah that regulations are like weeds in the ditch. They just build up, and they impede the flow of commerce, unless you go back on a regular basis and look at what has been outdated, look at what doesn't make sense anymore, and look at what needs to be updated, and certainly, when we talk to small businesses in Utah, what they tell us—they were grateful for the regulatory reform on the State level, by the way—but what they tell us would not surprise you, which is that regulatory review needs to happen on a Federal level as well.

Chairman CHABOT. Thank you very much.

Ms. Wagner, I will turn to you next. How do you market your community, like Loudoun County and the area, to prospective businesses in the areas—well, when it comes to such criteria as anticipated operating costs, operating conditions, quality of life, those types of things, how do you—you know, how do you go about marketing those when you are trying to get folks—attract people to your community?

Ms. WAGNER. Sure. Thank you, Mr. Chairman, for the question.

In Loudoun County, we have a team of over 20 members that represent different industry sectors, those from agriculture, aviation, transportation, cybersecurity, health information, and those individuals go out and identify opportunities in conjunction with our marketing team and strategic initiatives team, companies from across the globe really to identify companies that might be looking at new office space, expansion, and making sure that we have solutions to their problems or identify opportunities that fit that particular industry cluster.

Chairman CHABOT. Okay. Thank you very much.

And, Mr. Bishop, I will turn to you with the remaining time that I have. You are from New York City, and I represent the city of Cincinnati, most of it, as well as the surrounding area. Are there advantages and disadvantages that urban areas like your community in New York has, say, compared to the State of Utah or the State of Mississippi when it comes to marketing and arguing, you know, the good things you have versus the challenges? What are kind of the advantages or disadvantages that you like to key in on when you are talking about an urban area like New York?

Mr. BISHOP. Yeah. So thank you for the question, Mr. Chair. So I think New York has—one of the advantages, of course, we are a global city. And certainly there is a diversity of a consumer base for a small business. There is certainly a number of resources that small businesses can tap into, not only in a local level but on the federal level in terms of actually helping grow their business.

I think that also leads to the disadvantage in the fact that there is a lot of price pressures, and we may not be as forgiven in terms

of, if you do not have a solid plan or you are not sure of how to actually grow your business, you know, in an urban area, where you may be able to—you may not be able to recover as quickly if you are in a rural area, for example. There is a lot more competition.

So what we do is we really try to make sure that small business owners are equipped with the necessary tools, not only to help them plan out their business but grow their business, but also we provide a lot more resources for some of the things that business owners may not know what they need to know.

Chairman CHABOT. Thank you very much. My time has expired.

The Ranking Member, Ms. Velázquez, is recognized for 5 minutes.

Ms. VELÁZQUEZ. Thank you, Mr. Chairman.

And, Mr. Bishop, thank you for sharing—being able to come here today and share your insights as to—

Mr. BISHOP. Thank you.

Ms. VELÁZQUEZ.—how can we improve small businesses opportunities.

I would like for you to talk to us about your agency's initiatives that is undertaken to help immigrants succeed, and what are the economic benefits in doing so?

Mr. BISHOP. So, as I mentioned in my testimony, New York City is an immigrant-rich city, and certainly, when you look at our 230,000 small businesses the assumption is that the larger businesses are actually the economic drivers of the city in terms of the workforce, but it is actually our small businesses.

Our small businesses employ over 3.9 million New Yorkers, and over 52 percent of those small businesses are owned by a foreign-born New Yorker. So it is essential for us to connect with immigrant communities. It is essential for us to provide resources to immigrant communities.

So we actually have worked not only in developing programs; we have worked with the private sector as well in terms of funding some of these programs. So we work with local organizations to tap into some of those communities, to connect to our resources because, most likely, entrepreneurship is something that immigrants would veer to, and certainly, if they are creating businesses, then they are creating jobs within the community. So that is important to New York City.

Ms. VELÁZQUEZ. Thank you.

One of my top priorities in this Committee as the Ranking Member is helping the traditionally underserved communities access capital. What can you share with us in the federal government that you are doing in New York to help women and minority communities access capital.

Mr. BISHOP. Right. So thank you again for that question. One of the things that we are doing—particularly when we did our outreach to women entrepreneurs, we found out that women entrepreneurs face other barriers than their male counterparts—so we built out a program called WE NYC specifically for women entrepreneurs that not only covers access to capital. We have teamed up with an organization called Kiva where the city is now putting in

the first 10 percent of their loan request. That is up to \$10,000. We also are putting together resources for women entrepreneurs to connect with other successful women entrepreneurs. Mentorship is one of the biggest things that we found that women entrepreneurs were looking for. Access to capital was the other. And then some of my colleagues have talked about in terms of recruiting and finding the right workers.

In terms of helping minority business owners, the city of New York is using its purchasing power. We spend anywhere between \$12 billion and \$13 billion a year to run the city, and we want to make sure that a percentage of that actually connects to small business, especially minority and women-owned businesses.

But access to capital is an issue for minority entrepreneurs. So we actually created a \$10 million fund where we—business owners can borrow up to \$.5 million if they have a city contract. So that helps that business not only mobilize on the contract but build their credit to then become a bank-worthy customer.

Ms. VELÁZQUEZ. Thank you.

Mr. Prestemon, the gender wage gap is an issue across the country. It is my understanding that, in St. Charles County, men earn an average of 1.4 times more than women. Are there ways your organization can incentivize businesses to close that gap?

Mr. PRESTEMON. Oh, boy. I am not familiar with that statistic specifically. I can tell you that I am not—I would say that about 40 percent of the entrepreneurs that we work with are women-owned businesses. So women are certainly active participants in the ecosystem, the entrepreneurship ecosystem of St. Charles County as well as in the St. Louis area.

But I think, you know, the wage gap, it is kind of above my pay grade in terms of—

Ms. VELÁZQUEZ. Sure.

Mr. PRESTEMON.—our ability. We don't have a policy-setting role.

Ms. VELÁZQUEZ. Okay. So I am going to give you an easy one.

Mr. PRESTEMON. Thank you.

Ms. VELÁZQUEZ. So the United States is losing manufacturing jobs to outsourcing every day. However, St. Charles County's top employer is the manufacturing sector—

Mr. PRESTEMON. Right.

Ms. VELÁZQUEZ.—accounting for 26,000 jobs. What can the federal government and other municipalities learn from your ability to attract manufacturing jobs?

Mr. PRESTEMON. Well, although I was—I can't take credit for it from the EDC standpoint, I think that we have a vibrant workforce and a workforce development system that is working well. So our community college has been actively engaged with training and retraining workers.

We were very fortunate that General Motors, even in the aftermath of the downturn in 2007 and 2008, ended up expanding in St. Charles County, and that has driven a good portion of those jobs based in St. Charles County. Manufacturing is a big targeted sector for sure, and we are seeing successes all around us.

Ms. VELÁZQUEZ. Thank you.

I yield back.

Chairman CHABOT. The gentlelady yields back.

The gentleman from Utah, Mr. Curtis, is recognized for 5 minutes.

Mr. CURTIS. Thank you, Mr. Chairman and the Ranking Member. It is a delight for me to be here.

I am grateful for all four witnesses, but I will give you some bias that, Mr. Derek Miller from Utah, particularly pleased to be here with you. Thanks to all of you for making this trip, and, Derek, thanks for coming.

I don't think it would be—hopefully, Mr. Chairman, it wouldn't be out of line if I gave a shout-out to Mr. Miller's family who has accompanied him on this trip and is here with us today. Thank you for joining us.

Mr. Miller, you have served as a CEO for the Salt Lake Chamber. You are serving now in that role. You have served as a CEO for the World Trade Center. You were the Chief of Staff to the Governor of our State. You have spent some time back here. Thank you for bringing all those qualifications with you today to answer some of these questions.

It makes me really proud to come from Utah where we are doing so many things right, but we need to continue to improve, especially for our small businesses. We are really proud of the work we have done with deregulation. Could you speak to how important it is that we don't overregulate particularly our small businesses, and, in addition, what else can we be doing here in Washington for our small businesses?

Mr. MILLER. Thank you, Mr. Curtis. It is great to be here with you and the other members of the Committee. And I shared the story about the email already, and I think there may be some who would think, you know, come on, that is a small thing, you know, being able to email a business license instead of having to send it by U.S. Postal Service. And it is true. It is a small thing.

But I guess the point that I want to make is that small things matter a lot to small businesses. Small businesses bear a disproportionate share of the burden when it comes to regulations because often they are either a family-owned business or a sole proprietor. They don't have resources. They don't have time to hire an army of lawyers to go out and study this stuff. They don't have the resources or the time to have compliance officers in their business. They are just working hard every single day to try to be a successful business, live the American Dream for themselves and their family.

And so you asked the question, what could the federal government do? I think it would be a great place to start by doing what we did in Utah, which is to look at those regulations. It doesn't have to be political. It doesn't have to be partisan. But those that are just simply outdated, those small things add up to be a very large burden to our small businesses.

Mr. CURTIS. I appreciate you pointing that out. Sometimes we think, well, they can just send that off to another department to have it done, right, and that is usually—

Mr. MILLER. And they are the other department.

Mr. CURTIS. They are the other department.

We are experiencing an unusual economy in Utah and have for a number of years. Your unemployment in the Salt Lake Valley is 3 percent or maybe slightly less than 3 percent and in Utah County. A lot of my district is rural, and in some places, we are in double-digit unemployment.

Can you address your thoughts on what can we do and how can we team with you and local leaders to help the rural economy and the rural small business owners.

Mr. MILLER. Sure. Thank you for that question.

So, when we went out on our 25K Jobs Tour, we discovered a couple of things. The first one is we have some parts of our state where the greatest challenge for the business is finding qualified workforce. That is their number one top challenge.

Yet we go out to some of the rural counties in our state, and their greatest challenge is finding jobs. Okay, well, you know, I don't claim to be a genius, but I can at least add two and two. And when you do put two and two together what you realize is that there are opportunities, especially in today's economy with so many of the tech businesses that you represent in your district, Congressman, who they have jobs that don't need to be located at headquarters, whatever headquarters means.

There is an opportunity to take those jobs, either by telecommuting or other technology, so that we are leading an effort right now that is part of Governor Herbert's 25,000 jobs goal to challenge our businesses that are part of the Salt Lake Chamber, challenge them to do a thorough review of the jobs that they currently have unfilled to identify which of those jobs don't need to be located along the Wasatch Front or our urban core, and then we will help them connect with the local Chambers of Commerce and work with them to match the unfilled job with the person in those rural communities who is looking for a job.

Mr. CURTIS. I hope you will consider me and my colleagues partners in this, whether it is nothing more than the bully pulpit or facilitating or work that we can actually do here, but I definitely want to be a partner in that goal. It is a great goal.

Lastly, you described in your testimony that trade is not hurting Utah but actually helping. Could you elaborate on that and talk about why and how that is so important in the State of Utah?

Mr. MILLER. Sure. Utah, as I mentioned, is a trade State. If we were only selling to our 3 million citizens, we would not be seeing the economic success that we are. Nevertheless, we recognize that free trade is good, but it has to be fair trade. So we believe that, and we believe that Congress also ought to assert its role in making sure that, for example, NAFTA is modernized. If we are going to pull out of other trade agreements, like the TPP or the TTIP, then let's put something in its place.

Our small businesses need rules-based trading. Again, they don't have the opportunity to go out and make those deals on their own. They look to the U.S. Government. They look to you, Members of Congress, to go establish their rules for them that will give them the predictability and the stability they will need to continue to be successful.

Mr. CURTIS. Thank you.

I am out of time, Mr. Chairman, but I would love just to underline that predictability that they are looking for that we need to give them. Thank you very much.

Chairman CHABOT. Thank you very much. The gentleman's time has expired.

And we are going to go briefly into a second round. We had votes, as you know, that interrupted this, and unfortunately, many of our members had other things they then had to go to. We usually don't have votes in the morning that interrupt us, but we had a lot of business this week that we had to take care of—still do—so I apologize for that.

So I just have one question that I will throw out, and anyone who would like to take it can, or if you want to go down the line, we can do that too. The question is this: Many communities use geographic targeted economic development programs to create jobs and attract investment.

What role do small businesses play in neighborhood revitalization plans, and have you ever—are there any socioeconomic returns that you have observed over the years in this area? So whoever wants to tackle that is—you are welcome.

Ms. Wagner.

Ms. WAGNER. Sure. When we talk about geographic targeted plans, one of the opportunities we take advantage of in Loudoun County is we do have a designated HUBZone program. And we work very hard to foster our government contractors that are in that sector that are small businesses by providing resources through our Small Business Development Center, partnered with George Mason University's Procurement Technical Assistance Program, as well as with our Loudoun Chamber's Government Contracting Initiative because helping those HUBZone companies, they are hiring within the HUBZone, which is historically an underutilized business district, for those not familiar with that, and we are creating jobs in that community by supporting the entrepreneurs in our HUBZone in Leesburg, Virginia.

Chairman CHABOT. Very good. Thank you very much.

Any of the other panel members like to address that? Mr. Miller.

Mr. MILLER. Thank you, Mr. Chairman.

You are probably thinking I haven't bragged on Utah enough. So I will just take another moment. We have great geographic assets from our Rocky Mountains in the northern part of the state to our Red Rock in the south, and we use that to our advantage in a couple of ways: The first one, of course, is the quality of life that it presents there.

And when I talked earlier about the need that we have for talented workforce, you can believe that we use that quality of life to market the heck out of Utah and attract talent from all around the world to come and work in our businesses.

We are the fastest growing state in the nation, and most people think that comes from a high birthrate, but that is only half the story. That is something we do in Utah very well, by the way, is have families. But half of our population growth comes from net immigration, people moving into Utah.

And the second way that we use that is in the economic clusters that we have identified where we believe we have a competitive ad-

vantage, and one of those is our outdoor recreation industry. So we have not just the talented workforce to build all of the equipment that can be used to recreate outdoors, but we also have the playground to go out and test the equipment.

Chairman CHABOT. Very good. Thank you very much.

Any of the others? Yes, Mr. Bishop.

Mr. BISHOP. So one of the things—I can't let the gentleman from Utah show up New York State, New York City. But one of the things you will hear consistently is that, you know, small businesses are essential to the success of all our communities.

Certainly, in New York, we focus—because, you know, in Brooklyn alone, we have 3.2 million people—the city as a whole has 8.9—we have to make sure that small businesses understand some of the neighborhoods that they are operating in because they are just unique and distinct.

We do have industrial business zones because we want to focus on maintaining the manufacturing businesses that are in New York City. So the businesses within those areas also have special services and incentives to remain in those areas to provide the much-needed jobs.

And we really work to integrate the work that is happening in those manufacturing, because manufacturing is changing—the type of manufacturing is changing to make sure that we—our educational system actually keeps up with that. So there is a lot of connectivity between not only small businesses and the different neighborhoods of New York City but also our academic institutions to make sure, as you have heard all of us say, that our workforce is prepared for the future of tomorrow.

Chairman CHABOT. Thank you very much.

Mr. PRESTEMON, anything you want to add?

Mr. PRESTEMON. I would just add the—I think even in a place like St. Charles County that is, you know, very, very prosperous, there are areas of the county that are not doing as well. And, you know, I think that the illustration that I made with this Good News Brewing company was that, first of all, there was indeed a market but that it had to be discovered. It wouldn't have been obvious. So I think, you know, increasing the sophistication of the entrepreneur in and of itself is a good thing.

And then—and there is a synergy that takes place once investments start. You know, disinvestment cycles are tough to reverse, and that is—but they, you know, require, I would say, coordinated public investment in roads and that kind of thing. But also you have to find that entrepreneur that has that fire in his or her belly and just won't be denied, and that is what we found in this case, so—

Chairman CHABOT. Thank you very much. I have got 10 seconds left. So I would just mention that you had mentioned microbreweries and how successful.

Mr. PRESTEMON. Yeah.

Chairman CHABOT. We have had a slew of them in Cincinnati that are doing very well—

Mr. PRESTEMON. Oh, yeah.

Chairman CHABOT.—and so it is a phenomenon this happened all over the country. America like its beer apparently.

Mr. PRESTEMON. Apparently, yeah. And coffee.

Chairman CHABOT. Yeah. Coffee as well. That is right.

And the gentleman from Utah is recognized for 5 minutes, and it will be our last questioner here today.

Mr. CURTIS. Thank you. Not that we are tag teaming on how great Utah is, but we don't do a lot of beer and coffee, but we have got great ice cream. You know, I was a small business owner before, and I can't tell you how many times I said to myself and my partners, why don't they get this in Washington, right?

So I would like to give all four of you a moment to say what is it that you would like to express that you talk about around the coffee and saying, "I wish in Washington they got this one thing," in New York, in Virginia, in Missouri, in Utah. Is there something that you would like me and my colleagues to hear? And let's start with Mr. Miller from Utah.

Mr. MILLER. Thank you, Mr. Curtis.

So we have talked about regulatory reform, and we have talked about trade deals. Let me hit what I think is the other—the big three, and that is immigration reform. That is a hot topic in Washington, D.C., right now. It is important to Utah. As you know, as someone who owned a business in Utah, we need those qualified workers. We need them to be part of not just our agricultural businesses, but we need them to be part of our tech businesses, our manufacturing businesses, all up and down the line.

Utah was a state, as you know, that was founded by refugees, religious refugees, who at the time they got there were outside of the United States, had been driven out. And so we are a state that is very sensitive to that topic, not just from a business issue but from a cultural and a moral issue as well. And so immigration reform would be so critical to keeping the good thing that we have going in Utah going.

Mr. CURTIS. That is also very timely.

Mr. Prestemon.

Mr. PRESTEMON. My observation would be, one-size-fits-all regulation that applies equally to a company of 5,000 employees to a company with 5 is a recipe for big problems. I hear far more about navigating regulatory burdens than I do about high taxes. Not that there is not a need for, you know, continued attention to tax—tax burden, but I think regulatory burden is the main thing.

And I can only imagine the difficulty of crafting rules that work in that environment, but that is a persistent complaint that you will hear about. You know, it is pretty much to your point, if you are a really small business, you can't just hand this over to the regulatory division either. You know, you are that too.

Mr. CURTIS. I am often out among businesses, and I say: Well, how did you like tax reform? And they say: Well, it was nice, but what has really helped is deregulation.

Mr. PRESTEMON. Yeah. That would be what I have heard too.

Mr. CURTIS. Ms. Wagner.

Ms. WAGNER. For the clients I serve, which are a lot of technology startups, the biggest challenge they have overcoming is the attraction of tech talent and the availability of that. So investment in our technology workforce, both in uptraining and upscaling the current workforce as well as investing in our next generation of

technology employment is probably the biggest concern facing many of my clients today.

Mr. CURTIS. Thank you.

Mr. Bishop.

Mr. BISHOP. So I am going to cheat a little bit and say that I have two things.

Mr. CURTIS. I would love to hear both.

Mr. BISHOP. Certainly, you have heard it from Mr. Miller, the importance of immigrant and immigration. And, you know, New York City, as I said, is powered by immigrant entrepreneurs, and certainly, we want to make sure that we create opportunities for immigrants to create businesses because those businesses will hire within their communities. And I want to stress that. It is so important. It is important to New York City's economy.

The other part, the other thing that I said that I wanted to make sure that you understand is that the success of American businesses is dependent on our workforce. And we have to make sure that our workforce is prepared for the technologies of tomorrow. And in certain areas, they are not.

And certainly, we have to make sure we have made investments in New York City to ensure either through apprenticeship programs or working with industry to identify and project in the next 3 to 5 years what are the skill sets that those companies need in order to grow, because if they are not going to—if we as a country can't provide the workforce, then they are going to go to other countries that can, and certainly, we need to make sure that our education system provides the pipeline of the next engineers, the next computer programmers, et cetera. So that is very important for the success of our small businesses.

Mr. CURTIS. Those were four great messages. We need to make sure our colleagues hear all four of those. Thank you very much for your time today, and I yield my time.

Chairman CHABOT. Thank you very much. The gentleman yields back.

And I spoke too soon because the gentleman from Florida, Mr. Lawson, who is the Ranking Member of the Subcommittee on Health and Technology is recognized for 5 minutes.

Mr. LAWSON. Thank you, Mr. Chairman, and welcome to the Committee. I am sorry I am late, but I was addressing a small business group from Florida who is up on Capitol Hill. And one of the things that I wanted to say is that there are more small businesses in this country than any other type of businesses.

Yet a lot of the incentives that states and counties, countries offer are for larger companies to move into the cities and the towns to create jobs, and we hear that all the time. And we have the Chambers of Commerce that are going out and recruiting, and most of the time, they are not recruiting small businesses. They are always recruiting large firms.

What incentives are available—and specifically, if you have already discussed them, I would hate to go back over—for small businesses to create jobs that States should consider? And that is extremely important.

Even from the standpoint of having served in the legislature in Florida for a long time, 28 years, 18 years in the House, 10 years

in the Senate, before coming here, the Governors and everybody come. When they come in the state, the first thing they do, their focus is on recruiting those businesses from Canada, every place else and say we are going to bring more jobs, but still the largest employers are small business.

So what should we focus on to make sure that small businesses get the same kind of consideration? And that is a question for everyone on the Committee, wherever you want to start.

Ms. WAGNER. Thank you for that question.

I am going to start with a line we use a lot in Loudoun, that no amount of incentives make a bad location a good location. I am proud that Virginia does offer various programs to support our small businesses through Virginia Jobs Investment Program, which provides credits and opportunities for small businesses that are hiring employees and making small investments into their infrastructure.

We also have the CIT GAP Funds Program, which is a state program that is a seed venture to help our technology-based businesses scale up quickly. It also helps them connect with future investors for subsequent fundraising rounds. And we do put a lot of effort in Virginia into helping technology firms better understand the grants available through the federal government, like SBIR and STTR funds that really is America's seed fund.

What I will say is I do feel that communities, when they are looking at investments or incentives for their small businesses, should really look at how they can maximize their current programs. If you can help your small business development centers, your chambers, those can have a greater reach and reach a greater amount of small businesses versus one or two companies that you can pour an incentive into.

So, in Loudoun County, we support our Mason Enterprise Center Incubator and the Small Business Development Center so that they can reach—you know, this past year alone, they reached over 300 businesses in their programs. And that is—we are seeing that trickle-down effect as those companies are remaining in the community, adding jobs, and growing, and then can hopefully qualify for some of those larger incentive programs down the line. Thank you.

Mr. LAWSON. Okay. Mr. Miller.

Mr. MILLER. Thank you, Mr. Lawson, for the question. And you are absolutely right when you talk about the importance of small businesses. I can tell you, in Utah, they represent over 99 percent of all of our businesses and the majority of the employees work for small businesses.

In Utah—I happened to in a previous career run the incentive program for the state, and so I am very sensitive to the question and the issue that you have raised. In Utah, we created what we call the BEAR Program, the Business Expansion and Retention Program, specifically designed for and targeted to small businesses.

However, at the time I was working for the state, our largest incentive program, we refer to it as the EDTIF, for Economic Development Tax Increment Financing Program—with that long name you can understand why it goes by its acronym—that program was only to recruit new business in the State of Utah.

When our current Governor was elected, he asked the very important question: Why? Why is that program not available either for existing businesses or for businesses of any size? And so that program was modified, and I am pleased to be able to tell you that today more than half of all of the companies that receive incentives do fit in those existing small business categories.

Mr. LAWSON. Okay. Mr. Prestemon.

Mr. PRESTEMON. Oh. Well, I—actually, I do agree with you about the focus being on really, really big projects typically on economic development programs. We have not gone that direction in St. Charles County. But I have four Cs that we work off of. You know, this is my little slogan here: Counsel, so at a council meeting, you know, technical assistance, that is important to the companies; capital, which is, you know, through both publicly sponsored as well as other programs; I would say connection, which refers back to things like the procurement technical assistance centers and programs that help, again, upgrade the connection today that small companies have to compete for large contracts; and then my final one is community. That is probably the softest one of the four, but I think it is not to be dismissed, in that entrepreneurs tend to make mistakes because they are in isolation. And so anything you can do to bring entrepreneurs together on a regular basis to guide and advise each other and support, I think that enhances the chances of their success.

Mr. LAWSON. Mr. Chairman, could I be granted 30 more seconds?

Chairman CHABOT. Yes, indeed.

Mr. LAWSON. Mr. Bishop, I understand you are a Rattler?

Mr. BISHOP. I sure am.

Mr. LAWSON. Would you care to comment on that?

Mr. BISHOP. Of being the Rattler or—the best experience ever.

Mr. LAWSON. Yeah.

Mr. BISHOP. But I think it is important, and we are in line, as you probably heard from the rest of the panel. At—in New York, we actually have—our agency, Department of Small Business Services, was created to focus on small business services. We are actually not—we have another agency called Economic Development Corporation, so we actually have the two separate, because we know that we need to provide additional resources of small businesses.

So, when a small business, when we are interacting with a small business, we connect them to a host of services, not only from education but the incentives that we have for small businesses. So, for example, energy cost savings, we have customized training grants to help those small businesses train their employees. So we actually created a separate and distinct agency focused on retaining and helping small businesses, so—

Mr. LAWSON. Okay. Thank you, Mr. Chairman. I yield back.

Chairman CHABOT. Thank you very much. The gentleman yields back.

And we want to thank our distinguished panel here both this morning and this afternoon. Sorry about the votes falling in between here and any inconvenience there, but for your excellent testimony. We rely on local experts like yourselves and your innova-

tive strategies that you have put in place to better understand the needs of small businesses.

And we are seeing success stories, I think, all over the country. And it is improving not only local economies but people's lives, and we want to thank you for being an important part of that and explaining to us how what we do here can help you to help people all over the country.

So I want to thank folks on both sides of the aisle for being here.

I would ask unanimous consent that Members may have 5 legislative days to submit statements and supporting materials for the record.

Without objection, so ordered.

And if there is no further business to come before this Committee, we are adjourned. Thank you very much.

[Whereupon, at 12:45 a.m., the Committee was adjourned.]

APPENDIX

Testimony before United State House of Representatives

Small Business Committee

June 20, 2018

My name is Greg Prestemon and I am the Chief Executive Officer for the Economic Development Council of St. Charles County, Missouri. I represent a 30-member Board of Directors that is a true public private partnership, with ten members from local governments and 20 members from the business and non-profit sectors.

We have a simple mission: to help businesses and communities grow. From its inception in 1992, the EDC has always focused most of its resources on helping small businesses. We do this through two main flagship programs, both of which are part of the Small Business Administration. We are a certified development company, and thus we offer the 504 Loan Program to borrowers throughout the state of Missouri. We have a current portfolio of over 260 loans valued at approximately 115 million.

We are also an important part of the Missouri Small Business Technology Development Center, or SBTDC. While our local impacts have been large, I think the statewide impact is stunning. From 2015 to 2017 the statewide network of SBTDC centers helped businesses generate over \$1 billion in sales increases and over \$1 billion in Procurement Awards.

But enough about the numbers. I want to spend the rest of my time talking about what we think is the EDC way of helping small business. We have been successful, I believe, because we have been very intentional about some core principles. First, we believe that all small businesses are important. We think the mom and pop retailer or the auto repair shop is just as important as the information technology startup. So, our approach is not to target a particular type of business, but instead to help the entrepreneur that is in front of us.

Second, we are striving for our programs to always be in alignment with each other. For example, whenever possible we try to have our 504 borrowers also be SBTDC clients. This only makes sense, as the 504 borrowers need to repay federally guaranteed loans. And, SBTDC clients, when they reach critical mass need a sound method of financing their growth. Unfortunately, I think that we are somewhat unique in our strategy to align these two programs.

Third, we strive always to be responsive to what our communities need as we help the businesses grow through the 504 and SBTDC programs. What does this mean? A couple years ago, an entrepreneur came to our SBTDC counselor with a dream of opening up a microbrewery in a part of the county that would not be seen as trendy or chic. I work in a generally prosperous county, but the location that this entrepreneur had in mind would definitely not have been seen as a likely spot by most observers of the local market. However, the entrepreneur had a dream and our SBTDC counseling team was impressed. Today this business, Good News Brewing, is thriving. It is thriving in part because of the technical and human support that our SBTDC program provided. Lately, this same entrepreneur has received approval on a 504 loan to open a high-end coffee shop, again in a location that would be far from trendy. While the job impacts are not huge, the community impacts may be game-changing.

Finally, I want to talk about partnerships. It took a bunch of organizations working in partnership to make projects like Good News Brewing Company happen. Obviously, the United States Small Business Administration played a gigantic role. Also, the University of Missouri, the City of O'Fallon, the Economic Development Council each provided key pieces of assistance. No one participant had everything needed to make this happen. The entrepreneur had the vision and the energy. The SBA had the capital source. The SBTDC had the knowledge. At the end of the process, an entrepreneur is making money, providing jobs and tax revenues and a community is improved. Not a bad day's work for any of the parties involved.

On behalf of the businesses and people of St. Charles County and the state of Missouri, I want to thank you for this opportunity. The programs that this committee oversees are important to real people and real businesses throughout the United States. I would be happy to answer any questions you may have.

Economic Development Report

The St. Charles County economy has seen several significant economic development wins during 2017. Highlighted wins include:

- The recruitment of Fusion5, a healthcare-focused startup, to OPO Startups, a coworking space partially funded and staffed by the EDC Business & Community Partners. Fusion5 selected OPO Startups as its headquarters after touring several locations throughout the country, and has grown from 7 founders to more than 55 employees in less than 9 months.
- The securing of \$100,000 in additional funding for the expansion of the OPO Innovation District in the City of St. Charles. Since its founding the district has become home to more than 60 technology companies with more than 300 highly skilled workers.
- The opening of a 1.1 million square foot logistics center in Wentzville, further strengthening the County's growing reputation as a hub for the logistics industry.
- GCL Solar, a Chinese headquartered company, moved its R&D headquarters from California to St. Charles County, bringing more than forty hi-tech jobs to the County.

These wins continue to make St. Charles County the strongest and fastest growing economy in the State of Missouri. With an unemployment rate of less than 3% and the state's highest median household income, the County economy continues to be a shining star for the St. Louis region, Missouri, and the entire Midwest. The strong economy and high quality of life have been consistently recognized by the local and national media. In 2017 *Money* magazine recognized two St. Charles County communities (St. Peters and O'Fallon) in the top 50 places in the country to live. Additionally, *Entrepreneur* magazine named the county one of the three best places in the country to move your business.

The EDC Business and Community Partners continued investment in STEM education, entrepreneurship, and publicizing the county regionally and nationally has led to continued wins through the first 6 months of 2018, with additional employers continuing to find St. Charles County the best place in Missouri and the Midwest to start or locate their business.

Small Business Finance

EDC Small Business Finance once again received the 2018 SBA #1 CDC in Eastern Missouri. Through the end of September 2017, the EDC submitted and the SBA approved 39 loans representing nearly \$21,442,000 million in SBA financing in MO and IL for the current 504 fiscal year.

In 2017 EDC Small Business Finance saw a significant increase as compared to the loan activity in 2016. In 2017 we provided 21 projects in the amount of \$16,458,000. Total investment from these projects was \$41,730,534 and 761 jobs were created or retained. In 2016 we provided 23 projects in the amount of \$15,415,000. Total investment from these projects was \$31,880,405 and 375 jobs were created or retained. In 2015, we provided 15 projects in the amount of \$9,656,000 in funded 504 loans. Total investment from these projects was \$24,069,639 and 524 jobs were created or retained.

Seven business projects in St. Charles County used the EDC's 504 loan program in calendar year 2017. Local loan activity totaled \$7,244,000, reflecting total investment of \$18,942,992. Total local jobs created or retained was 143.5.

The local projects funded were located in St. Charles, St. Peters and Cottleville. They included Shannon Norman Law, LLC (\$190,000), Culver's Muegge Road (\$3,174,302), The White Hare, Inc. (\$1,460,000), Ole Tyme Produce, Inc. (\$10,510,190) McCauley Animal Clinic (\$1,270,000) Provenance Soapworks, LLC (\$460,000) and Great Beginnings Daycare & Preschool (\$1,878,500).

One of the small businesses that received an award during this year's Small Business Week included Melissa Smith who received the "Small Business Person of the Year". At the time of purchase, Smith and her six employees worked out of a 2,200-square-foot facility and generated annual revenue of \$380,000. In her first year of ownership, revenue increased by 44 percent. With guidance from SBA's SCORE and a \$2.5 million SBA 504 Loan, Smith grew the business to 31 employees who provide service from three locations and generate \$3.9 million in revenue. Over the last eight years, Smith also has worked to give back to the community. She has traveled to Honduras to provide free dental care to hundreds of Hondurans who lived in mountain regions and lacked access to dental care. Back home in Missouri, she holds "Free Dental Days" for a pregnancy assistance center, low-income veterans and others in need.

Several success stories that funded in 2017 are listed below:

Ole Tyme Produce - For over 40 years the Daleo Family has been providing the finest produce in the St. Louis Region to customers that include restaurants, hospitals and schools. It all started with Joe Daleo, whose father, mother and uncle have all been involved in the produce operation. Today, Joe's daughter, Joan Daleo, President, runs the company. The company had been on Produce Row but with the companies continued growth, a new state-of-the-art facility was needed. With the help of the EDC and the 504 loan program, Ole Tyme Produce built a new 60,000+ office warehouse in St. Charles off Elm Street enabling the company to continue to grow. The total project cost was \$10.5 million and the company employs well over 60 employees.

Bailey's Social Inc. - David Bailey received the "Small Business Person of the Year" award in 2016. David was approved for a 504 loan with the EDC for his new event space in downtown St. Louis. The new space hosts venues including wedding receptions, parties, etc. The space is able to accommodate up to 400 people. Total project cost was \$2.0 million. He has grown his staff from 50 to 325 in the last four years and serves more than 500,000 customers each year.

Boxes, Inc. - This company located in the City of St. Louis used the 504 loan program for a \$5.2 million equipment loan. The new equipment replaced old outdated and inefficient equipment. The company designs, does contract packaging, graphics and laminate products. The company also does warehousing of boxes for companies that do not have the space for inventory. In addition to commercial and industrial companies, Boxes Inc. also sells to large box companies such as Lowe's, Walmart, Sam's, Walgreens, etc...just to name a few. The company is expecting to create 22 jobs in the next two years.

McCauley Animal Hospital – Dr. McCauley used the 504 loan program to construct a new building in St. Peters for a total project amount of \$1,270,000. He originally leased space (2,500 sq ft) and wanted to build his ideal vet clinic within a 5 mile radius. The new building is 4,471 sq ft on one acre of land in a prime location on Mid Rivers Mall Drive. The company is expecting to create 7.5 jobs and retain 8 jobs in the next 2 years for a total of 15.5 job opportunities.

Car Craft Lemay Ferry – Jim Mason has been using the 504 loan program since 1997, with this location in St. Louis County being his fourth 504 project. This transaction also included a separate 504 equipment loan. The Car Craft locations employ over 100+ people.

In addition to the 504 Loan Program, the EDC offers Industrial Revenue Bonds. In 2017 two Bond Resolutions were approved for O’Fallon Retail Walk Community Improvement District Project in the amounts of \$3,920,134 and \$3,615,000.

Incubating Small Companies

Helping entrepreneurs and small business owners start new companies has been at the core of the EDC’s services since our incubator facility opened on Mid Rivers Mall Drive in 1993. Our professional environment offers specialized resources, shared services, hands-on training and daily interaction with business peers and experts on staff.

In 2017 the EDC incubator welcomed ten new tenants and also had ten companies graduate from the facility. Congratulations to these expanding incubator companies: KB Data, Clarus Communications, Generations Counseling, SourceOne, Aspire, 4 Site Digital, Dave’s Guitar and American Band. Currently our 30 incubator companies’ employ over 100 employees.

Business Counseling

The EDC of St. Charles County has many resources for entrepreneurs thinking about starting a new business or expanding a business to the next level.

Through our long-term partnership with the Missouri Small Business Development Center, over 620 unique entrepreneurs asked the questions on how to start a business, find financing or how to grow their business.

In 2017 we provided counseling to 167 entrepreneurs which resulted in 12 business startups and \$4,555,200 in funding.

Several of the success stories are listed below:

Amanda and Megan Boccardi were Creve Coeur Police Officers who branched off in order to start their own Biological Remediation Services Company. They now own Bio One St. Charles which specializes in contract cleaning for anything that requires remediation due to any biological contamination.

Dan Tripp founded Good News Brewing Company in O'Fallon MO. As a result of the cooperation between the SBDC and EDC he was able to get a loan, and now has a successful brewing company.

Ron Goodwin, a longtime bowling alley manager received assistance in putting together a loan package and business plan for the purpose of purchasing Frontier Lanes. He was able to secure funding and now operates his own bowling alley.

In addition to the SBDC, entrepreneurs have access to SCORE business counselors that have had an office within our facility since 2004.

Business Development

Seyer Industries; St. Peters, St. Charles County, Missouri

Seyer Industries is a locally-owned aerospace and defense contractor that has required continued assistance from the EDC Business and Community Partners through our SBA 504 loan program since 2012 for expansions and equipment.

The EDC Business and Community Partners was contacted by McGuire Sponsel, a site selector company, on behalf of Seyer Industries. They were expanding again and this time their expansion was due to new contracts with a commercial airplane manufacturer located in the Southeast United States. Through data points, McGuire Sponsel identified four communities: two in Southeast United States, one in the Midwest as well as St. Charles County, Missouri.

The EDC Business and Community Partners moved quickly to respond to the request for information and to set a meeting with local and state officials to create an incentives package which included Chapter 100, Missouri Works, St. Charles County support on infrastructure needs and Customized Training. Because of this current effort with Seyer Industries, St. Charles County will benefit from a \$16.5 million investment and an additional 85 quality full time positions for our residents.

J-Bloom; St. Peters, St. Charles County, Missouri

In 2006, Jennifer Bonacorsi moved her once jewelry making hobby now turned into a business into the EDC Business and Community Partners Small Business Synergy Incubator.

Throughout the past 11 years they have turned to the staff at the EDC Business and Community Partners when her business faltered and almost went bankrupt. It wasn't until January 2014, they began experiencing true growth in J-Bloom.

In January 2017, they employed six full-time and 8 part-time employees, have over 700 representatives (now called "Designers") in 40 states, and they are on track to have a 70-80% increase of revenue in 2016 over 2015 when they had tripled their revenues over 2013.

They graduated from the EDC incubator in October 2016 and moved into a 11,700 square foot jewelry manufacturing facility in St. Peters. The EDC Business and Community Partners was also able to help them secure Missouri Works as they continue to grow the number of full time employees in the company.

According to Jennifer Bonacorsi, "We would not be where we are today without the EDC. We could not have made it through the downturn in the economy without their support and mentorship."

GCL Solar Materials; St. Charles County, Missouri

The EDC Business and Community Partners' Business Development team received a call from Jim Mallinak, Sr Director of Strategic Projects, for GCL Solar US in August 2017. They had a small office in a neighboring county and were considering purchasing a building in St. Charles County to accommodate their growth in research and development. Their capital investment was going to be \$12 million in equipment and once established they are going to move 40 jobs from Portland to St. Charles and add an additional 10 jobs.

They contacted the EDC Business and Community Partners because they were also considering the option of moving the operation to Portland.

After evaluating their needs, we set a meeting among our regional partners and the company so that they could have all their questions asked and answered at one time.

Because of this meeting, they received incentives for workforce and training from the State of Missouri, were informed on how to start the appeal process to reassessment of taxes on the building they are considering for purchase, and determined that the expansion of the building was within code and covenants of the Missouri Research Park where the building is located.

Although this is still an on-going project, GCL Solar Materials US is finalizing the purchase of the building which will be completed by December 2017 and St. Charles County will gain 80 high paying jobs.

ACT Certified Work Ready Communities; St. Charles County, Missouri

A 20-something year old father of two children was working in a convenient store in St. Charles County. He and his wife were unable to pay bills and couldn't see another path.

He learned about the Work Keys Assessment from a friend of an EDC Business and Community Partners' employee. It was explained how it could help him show local employers what applied skills he has since he did not have any formal higher education. After taking the assessment and earning an National Career Readiness Certificate, he visited the St. Charles County Career Center where they helped him build a resume and guided him towards open manufacturing positions.

This father of two currently works for TRUE Manufacturing and the family has an income that can pay their bills. TRUE Manufacturing has one less open position.

As the United States continues to face a skilled workforce shortage, the EDC Business and Community Partners is pursuing this certification as a stop gap measure to match potentially qualified employees to the current 1000 unfilled manufacturing positions in St. Charles County.



HEARING

**Wednesday June 20, 2018
Committee on Small Business
U.S. House of Representatives**

"Communities That Think Small and Win Big"

**Statement of Mr. Derek Miller
President & CEO
Salt Lake Chamber and Downtown Alliance**

Derek Miller is the president and CEO of the Salt Lake Chamber and Downtown Alliance. The Chamber is the state's oldest business association that "stands as the voice of business." In this role, Derek leads the business community in advocating for Utah's continued economic prosperity.

Derek also serves as the president and CEO of the World Trade Center Utah, an organization with the mission to, "Promote prosperity across the state by attracting investment and increasing exports."

Previously, Derek served as Chief of Staff to Gov. Herbert, overseeing the governor's office and state operations. He also served as Managing Director of the Governor's Office of Economic Development for Gov. Huntsman.

Recognizing his leadership, Gov. Herbert lauded Derek as, "an architect of economic opportunity and innovation," and "instrumental in transforming Utah into one of the most competitive and fastest growing economies in the country."

Derek began his career in Washington, D.C. as a management consultant with Arthur Andersen and as legal counsel for a congressional committee in the U.S. House of Representatives.

He is a graduate of the J. Reuben Clark Law School and holds a Master of Public Administration from the Romney Institute of Public Management at Brigham Young University.

Derek and his wife, Laura, live in Salt Lake City with their three children. They enjoy spending time together exploring Utah's countless natural wonders.

INTRODUCTION

Chairman Chabot, Ranking Member Velazquez and members of the committee, thank you for the invitation to speak with you today about Utah's thriving small business ecosystem and overall business-friendly environment.

Utah's economy is one of the best in the nation. Utah ranks number one in the U.S. for job growth, enjoys consistently low unemployment rates and a strong workforce. Utah receives top marks for both current economic strength and future economic outlook. I'm proud to say that small business is at the heart of this success. The U.S. Small Business Administration reports that Utah is home to over 277,000 small businesses making up 99.3% of Utah companies and 57.3% of total employees in the state.

You may be asking yourself, as a foreign diplomat from China asked me during a recent visit to Utah, "How did a state I've never heard of become the fastest growing economy in the United States of America?" I want to share with you what I shared with him: It certainly did not happen overnight and not by accident.

In Utah, the government and the business community work collaboratively and intentionally to create a strong business environment and support our growing small business community. I want to describe four areas I believe have been fundamental to Utah's economic success.

KEY FACTORS

The first is a **Strong and Educated Workforce**. Any business will tell you that if they cannot find good people then nothing else matters. Utah's public education systems, both K-12 and higher education, have a strong partnership with our business community. This partnership provides a consistent dialogue between educators and business leaders to identify gaps in our workforce skills and then develop a plan to fill those needs. One way this collaboration is evident is through the "Talent Ready Utah" initiative, which includes technical training for students through high school so they graduate with not only a degree but with a high-wage, high-demand job.

The second factor is **Taxes and Regulation**. Utah continues to benefit economically from our flat five percent personal and corporate tax rate, which is one of the lowest in the nation. Low taxes are important to small business, but equally important is a stable tax rate. Utah small businesses have benefited from the predictability of the state's flat tax over nearly 20 years since the rate was established.

Additionally, the Governor's office, state legislature and the Salt Lake Chamber are always looking at ways to evaluate and eliminate unnecessary regulations. Utah's regulatory system is modernized, balanced and transparent so businesses have the confidence they need to hire, invest and innovate.

In 2011, the state conducted one of the most thorough regulation reviews in the nation. This process is now replicated statewide on an annual basis. The legislature recently passed a bill that requires a regulatory impact analysis on all pieces of legislation before passage. This was a bill championed by the Salt Lake Chamber based on input from our members. The focus of this review and reform is both the executive branch where rules are promulgated and the legislative branch where rulemaking authority is authorized.

The experience that gave rise to regulatory reform in Utah was a small business owner who wondered aloud why he could not fax or email his license renewal to the state agency, instead of mailing it. This question spurred a review of the regulation and sure enough, the rule only allowed for mail; no email, no fax, and certainly no allowance for online renewal. A closer inspection of the rule showed it was written in 1973.

Based on this experience, Utah's Governor Gary Herbert asked each member of his Cabinet to review every state rule and ask two simple questions: Does the rule impact business? And, what is the public purpose? The answer to the first question was 1,969 regulations that impacted business. And of those nearly 2,000 rules, almost 400 times there was no good answer to the second question. And so those rules were either modified or eliminated.

Sending a license update by email may seem like a small thing, but thousands of small things are particularly burdensome to small business. Because small businesses do not have the time, or the workforce, or the money to track and comply or advocate for change to regulations that are outdated and needless, they bear a disproportionately high burden - a burden that often breaks the back of the business.

The third factor is **Incentives**. Incentivizing business creation and sustainable growth is key to Utah's thriving small business ecosystem. There are several state programs that assist new and existing businesses. One example is the business expansion and retention (BEAR) grants for small businesses in rural parts of the state. The Utah Science, Technology and Research (USTAR) initiative specifically assists start-up and early stage tech companies like ENVE Composites, a small company that designs and manufactures carbon fiber bicycle wheels and components. In 2010, ENVE won a technology acceleration grant from USTAR that prevented 10 jobs from leaving the state and put them on track to use their carbon fiber technology to innovate the bicycle industry. ENVE now sells their products around the world.

The state also offers financial incentives for business relocation and expansion. This incentive program is built on three pillars that make it both effective and sustainable. Those pillars are that the business expansion must be competitive (Utah does not incentivize "water to run downhill"), the incentives must be post-performance (Utah does not give money up front and then cross our fingers hoping something comes out of it), and the incentive must be a tax rebate once the jobs have been hired and the corporate taxes have been paid. Most important to today's discussion, while previously these incentives were available only to new companies relocating to Utah, they are now available to businesses already in Utah in an effort to help them grow at home.

The final area is **International Trade**. It may surprise you to learn how important trade is to small businesses in Utah. You may have read recent headlines that trade is killing the U.S. That is not the case in Utah. Trade is not killing Utah. In fact, Utah is killing it when it comes to trade.

Utah is a trade surplus state to the tune of \$4 billion annually and has doubled its exports over the past decade with a goal to double exports again over the next ten years. Utah is one of the fastest growing export economies in the country. This is tremendous on its own, but even more so when you consider that Utah is a state of only three million people, located "somewhere" in the middle of the Rocky Mountains and without a sea port. This is a credit to the over 3,500 companies that export, nearly 85% of which are small businesses.

Let me share with you a story that illustrates why trade is so crucial to Utah's small businesses. Butcher's Bunches makes handcrafted, all natural fruit preserves in Cache Valley. This jam is sold not just in Utah but in Asia, the UK, France, Australia, Canada and Dubai. This family company began selling in a farmer's market in Park City. The tourists that visit Park City from around the world enjoyed the product so much they began asking Liz, the owner, how they could buy her jam when they returned home. Liz had never considered selling outside of Utah let alone outside of the U.S. but the encouragement from her customers gave her the confidence to seek help from mentors and today's sales in international markets makes up 10 percent of her business and growing.

CONCLUSION

These are all ways I believe Utah is doing it right when it comes to supporting small business, but that doesn't mean these companies don't face challenges. In fact, in some rural areas of our state the economic story is very different than what I have just described. Eleven of Utah's rural counties have had zero or negative job growth since 2008, and these are areas where small businesses are almost exclusively driving the local economy.

To address this "tale of two Utah's", Governor Herbert set a goal to create 25,000 jobs in 25 rural counties by the year 2020. I was grateful to lead the 25K Jobs Tour last summer to kick off this goal. Over twenty business service providers, including many of the programs I have mentioned today, loaded a trailer and hit the road to visit the 25 rural counties and connect local business owners and job seekers with available tools, resources and business services. We saw a lot of beautiful Utah, put in a lot of miles, and met a lot of terrific small business owners. This is just the beginning of ways we as a statewide business organization and our partners in state government plan to assist small business in rural Utah to spur business and job growth in their communities.

Based on my experience on the 25K Jobs Tour, I think the most important element of Utah's economic success is our people. Utah's small business owners whether in urban Salt Lake City or rural Scipio, epitomize the state's motto of "Industry." They are good, hard working people with a strong entrepreneurial spirit. Utah's pioneering heritage is alive and well across the state, from Grouse Creek to Montezuma Crick. Our state and local governments are partnering with the business community to support small business owners who work every day to keep the American Dream alive for themselves, their families, and their employees.

Thank you again for the opportunity to share the secret to Utah's exceptional economic prosperity. I look forward to answering any questions you may have.



**Testimony of Vanessa Wagner
Small Business and Entrepreneurship Manager
Before The Committee on Small Business
Communities That Think Small and Win Big
Wednesday, June 20, 2018**

I would like to begin by thanking the Congressional Small Business Committee for inviting me to testify today, on behalf of Loudoun County Economic Development, to share my thoughts on utilizing a community's assets to support entrepreneurs.

As the Small Business and Entrepreneurship Manager for Loudoun County I am incredibly fortunate for the advantages we have to attract and grow business in Loudoun. I am also proud of the strategies used by our small business partners to leverage these to create a strong entrepreneurial ecosystem, particularly for technology firms.

In Loudoun County, VA I focus on supporting small businesses by growing the entrepreneurial ecosystem. In summary, my role is to ensure that entrepreneurs have the right mix of programs, places, and people to help them succeed. I have an emphasis on technology-enabled business, but my work also helps to support our main street entrepreneurs.

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It is easy for stakeholders to get excited about the latest trend or buzzwords in entrepreneurship- coworking spaces, accelerators, venture funding. It is tempting to jump at the opportunity to support these trends; however, I caution anyone charged with entrepreneurship, to start by evaluating your existing resources. Building an ecosystem around your community's unique advantages will prove more sustainable and impactful than placing a trend in the middle of your city.

When I began my role in Loudoun I admit, that I was eager to hit all of the buzzwords. I invested a lot of time chasing pitch events for my county, connecting with every accelerator in town and supporting anyone that described their office as a co-working facility. What I learned is that our county already had most of the things it needed to build an ecosystem. I learned that my role is not to bring every trend to Loudoun County. To be successful in my role, I must seek to identify our existing resources and put them to work for our entrepreneurs.

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**Using Business to Build Business**

One of the most important assets you have in building an entrepreneurial ecosystem is the businesses already there. The companies in your city provide the experience and talent to build the next generation of businesses.

Identifying the resources created by the legacy businesses and growing firms can prove fruitful when outlining your entrepreneurial strategy.

The Impact of Legacy Businesses

In Loudoun County and the region, one of the most impactful organizations remains America Online, AOL. From 1994 through its growth into the 21st century AOL had a giant impact in our region. AOL not only developed the region's technology workforce, but also the spirit of innovation. When AOL moved its headquarters to New York from Dulles in 2007 its legacy continued to have an impact on our region. Not only did AOL leave a wake of tech talent behind for other employers, but many of their executives became founders, angel and institutional investors for the next generation.

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Even after the presence of AOL in our region slowed down, the company continued to have a major impact on our startup scene. In 2012 to encourage creativity in its workplace AOL launched Fishbowl Labs, an incubator housed inside of its Dulles location. Fishbowl Labs startup-residents were able to use the facility, and available human resources, inside of AOL to add value to their startup. Today our region is benefiting from the results of these efforts with a new wave of startups tied to AOL Fishbowl Labs including MilAdvisor, ThreatQuotient, ParkMyCloud, X-Mode Social and others.

As the Entrepreneurship Manager in Loudoun, I didn't seek to change what was working from this system. Rather, my role was to promote this opportunity by introducing the right startups for consideration. This could be as simple as an introduction to the Labs, or by sponsoring events to take place inside of the facility. All good things must come to an end, and when AOL was re-branded to Oath and Fishbowl restructured, I had a solid relationship with the companies inside of the incubator. These relationships helped me identify a location just a few doors down to help them continue growing in Loudoun County under the support of another serial entrepreneur. When X Mode Social moved out of the Fishbowl Labs to Terminal 68, they were a team of 10. When I visited again a few short months later, the team was 40 strong and working on their new product line.

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All Ships Rise with the Tide

Relying only on the largest employers is providing a disservice to your entrepreneurs.

Facilitating introductions and relationships to your growing companies and early-stage entrepreneurs should be included in your strategy. Loudoun's small business partners leverage growing firms such as Omnilert, Cofense, Telos, K2M, and others. The advantage to working with this new cohort of technology firms is that they can provide recent examples of challenges and solutions faced in building their business. Our growth firms are invested in the overall growth of our region to support their business. After all, all ships rise with the tide.

A community can seek to find unique ways to promote these relationships and understand that each firm may find value in a different approach. One method used in Loudoun County is working with various committees and small business partners to encourage these relationships.

One committee that has provided a natural fit for this is the Loudoun Chamber's Technology Coalition. The coalition seeks support through sponsorship and engagement of the sponsors, including Telos Corporation. Telos Corporation was recently recognized in the Top 5

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cybersecurity firms in the United States. The sponsorship provided by Telos not only provides the resources required for the Coalition to host meetings and events, but the Coalition's leadership works to engage Telos.

In just this past week Telos graciously extended members of their executive team to address a room filled with early-stage technology firms meeting for the Technology Coalition. The executive leaders shared their morning to discuss trends in the cyber security industry and their personal views on the topic. More so, each Telos member stayed well past the allotted speaking engagement to answer questions, continue the discussion and exchange contact information. The results of this meeting may not be known yet, but I am confident that through last week's meeting and future engagements a trickle-down effect will be observed by the success of our early-stage firms.

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**In Conclusion**

Entrepreneurship catalysts need not look much further than their region's existing businesses when seeking to identify strong assets for mentorship, experience, and support.

My testimony focuses on examples related to technology-enabled firms; however, I could easily share how the practice of working with our community's businesses has helped our rural economy, craft beverage industry, and many others.

One size does not fit all for entrepreneurship. A community should be aware of outside opportunities to support their entrepreneurs; however, no ecosystem building should ignore the existing resources available within your business community. Identifying these assets, and creating forums to share their experience and resources should be a foundation of your overall strategy.

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Hearing Before the Small Business Committee
United States House of Representatives

“Communities That Think Small and Win Big”

June 20, 2018

Testimony of Commissioner Gregg Bishop
New York City Department of Small Business Services

Good morning Chairman Chabot, Ranking Member Velázquez and Members of the House Small Business Committee. My name is Gregg Bishop and I am the Commissioner of the New York City Department of Small Business Services (SBS). I thank you for this opportunity to testify before the Committee and share some of the great work and best practices that we are seeing in New York City. At SBS, we aim to unlock economic potential and create economic security for all New Yorkers by connecting them to quality jobs, building stronger businesses, and fostering thriving neighborhoods. Unlike other City agencies that work with businesses, we do not enforce regulations, but rather provide the necessary services to help them start, operate, and grow. We provide services to New York City’s 230,000 businesses through our network of seven Business Solutions Centers. These services include helping minority and women-owned businesses to compete for government contracts, connecting entrepreneurs to free resources, and assisting business owners to navigate government regulations.

At SBS, we know that small businesses are essential to the local economy and character of our neighborhoods. Small business ownership and entrepreneurship can help uplift generations of families while providing goods, services and quality jobs for local communities. Our small businesses serve their neighbors as well as visitors from around the world, making New York City one of the best cities in the country. Despite the fact that small businesses face challenges due to the unprecedented growth New York City has seen in recent years, our small

businesses continue to grow. Over the last ten years, the number of businesses in New York City has increased by 10%, according to the U.S. Census County Business Patterns report. That is why I believe it is critical for municipalities to offer services and programs that help small businesses start and thrive. Cities that incorporate small businesses into their economic development strategy not only help small businesses grow but also provide their city with good jobs, vibrant neighborhoods and a better quality of life.

As the City's advocate for small businesses, SBS is committed to ensuring that businesses can easily connect to our services--no matter where they are in our city. We understand that it's not always easy for business owners to come to us, so we are bringing our resources directly to their doorsteps. Through the Chamber On-the-Go initiative, trained business specialists canvass commercial corridors and directly connect business owners with essential services and information. SBS recently launched the Mobile Outreach Unit, an RV equipped to serve New Yorkers on-site in their neighborhoods. We also regularly host interagency events with multiple city regulatory agencies. This allows business owners to have their questions answered directly by regulatory staff. These interagency events have been held in communities across all five boroughs, reaching nearly 1,000 business owners.

Many small businesses struggle to access credit. To make it easier on small businesses, SBS provides a free financing service through our business centers. At our centers, we match business owners with the right lender for their needs and walk them step-by-step through the loan process. We work regularly with more than 40 different lenders, the majority of which are Community Development Financial Institutions (CDFI) and other alternative financial institutions. CDFIs play a critical role in our efforts to provide financing to businesses that are not able to access traditional bank financing. Since the start of this administration, SBS has

connected approximately 1,800 businesses to \$155 million in financing. We also invest in funds where we see market gaps. For example, for businesses contracting with the City, SBS offers the Contract Financing Loan Fund. This revolving fund offers low-interest loans of up to \$500,000, capped at a 3% interest rate. These funds are designed to assist small businesses and minority and women-owned businesses (M/WBEs) working on City contracts.

As we see businesses grow in NYC, the city has also implemented necessary regulations and worker protections. Regulations are important to ensure health and public safety, but they should be fair and not overly burdensome to small business owners. To support the continued growth of businesses, the City has committed to making the regulatory environment easier for small businesses while protecting residents and workers. In 2015, the Mayor launched Small Business First (SB1), a major multi agency effort to provide clear information on regulations, help businesses understand and comply with City regulations, reduce the regulatory burden, and ensure equal access for business owners. We heard directly from hundreds of business owners and created 30 commitments to save businesses time and money.

We have seen initial success in our efforts. In most cases, business owners want to operate in compliance, but may not be aware what is required of them. To make it easier, we built a state of the art NYC Business Portal to serve as a central repository of key business information and a single place for business interactions with the City. On the NYC Business Portal, a business owner can create an account and link their licenses, permits, inspections, and violations from City agencies onto one dashboard. In addition, business owners can receive alerts for renewal notices and new violations or complaints they receive; making it easier for them to stay in compliance. In 2017, there were more than one million visits to the NYC Business Portal.

There have also been more than 3,000 on-site consultations with our Compliance Advisors, individuals cross-trained on critical regulations, who help businesses avoid common violations. Business owners saved nearly \$25 million dollars in avoided fines with the help of Compliance Advisors. We also expanded remote adjudication options, so business owners don't need to leave their business during operating hours in order to refute a violation or fine. For more than 700 additional violation categories, business owners can contest a violation via phone, video conference, online, or by mail. Ultimately, we hope to save business owners millions and decrease the time it takes them to conduct operations with the City.

Another common challenge for small businesses is navigating shifts in the business environment. Many businesses struggle to adapt to changes such as evolving consumer behaviors, macroeconomic trends like the rise of e-commerce and shifting neighborhood demographics. Where changing demographics and development may prompt landlords to speculate or harass existing commercial tenants, SBS provides free legal services through our Commercial Lease Assistance Program. Businesses can work one-on-one with attorneys to review lease renewal terms, negotiate with their landlord, and even prepare court papers and motions when litigation cannot be avoided. SBS also helps long-standing companies adjust to neighborhood change through Love Your Local, a multi-phased approach which began with a marketing campaign to celebrate the city's independent small businesses and encourage New Yorkers to shop locally. Recently we launched the second phase of the program, \$1.8 million in grant funding to help business owners address competitive pressures. Longstanding, non-franchise small businesses from across the five boroughs can apply to receive up to \$90,000 in grant awards and expert advice. Selected businesses will use grant awards to cover the costs of improvement projects determined by personal consultations from industry experts.

A key focus of our work is ensuring our programming is accessible to all New Yorkers, including women entrepreneurs. In 2015, SBS launched WE NYC, a major initiative to address the entrepreneurship gender gap, with a focus on underserved communities. On average, men own one and a half times more businesses than women and make on average four and a half times more revenue. Through extensive research and engagement with more than 1,500 women entrepreneurs, we developed a series of programs to address the most common challenges women business owners face such as accessing capital, developing business skills, identifying networks and mentors, and finding comprehensive information to support their business. For example, we recently launched WE Fund: Crowd, a City-led crowdfunding program that helps women entrepreneurs access affordable capital and start businesses. Through our partnership with microlender Kiva, women entrepreneurs can apply for crowdfunded loans of up to \$10,000; with New York City contributing the first 10% of their loan request. WE NYC has been a great success and other cities have taken notice; with Boston recently launching their own Women Entrepreneurs Boston program *modeled on WE NYC*.

Growing up with my grandmother in Grenada, who supported our household as a woman entrepreneur, I came to understand first-hand that business ownership can empower a family and support greater economic opportunity for future generations. New York City has always been and will continue to be a city of immigrants. Approximately six out of every ten New Yorkers are either immigrants or children of immigrants and nearly half of New York City's small businesses are owned by immigrant entrepreneurs. Many immigrant New Yorkers face unique barriers and as an immigrant myself, I know it is critical for SBS to provide services that are inclusive of all communities. Supporting these diverse communities, who contribute so much to our economy, makes New York City stronger.

To that end, SBS created *Building Your Business in New York City: A Guide for Immigrant Entrepreneurs* available in seven languages that includes step-by-step advice on topics such as: signing a commercial lease, navigating government, and understanding the rights of immigrant New Yorkers. We have also expanded the availability of important business related materials in multiple languages. Through a previous program known as the Immigrant Business Initiative (IBI), we leveraged private investment to offer free business courses on topics such as credit, marketing, legal aid, and entrepreneurship in Spanish, Chinese, Haitian Creole, Russian, Korean, and Bengali. Through IBI we have served over 1,500 immigrant businesses over a period of two years. We also partner with the NYC's public library systems to better reach entrepreneurs in immigrant communities across the five boroughs.

New York City also offers innovative programs to help New Yorkers living in public housing gain entrepreneurial skills. Through the New York City Housing Authority (NYCHA) Food Business Pathways Program, residents receive free business training to start and grow food businesses in New York City. Participants receive an eight-week intensive business course tailored specifically for NYCHA residents. The program includes group and one-on-one business coaching and access to kitchen incubator space. Since launching in 2015, 143 graduates have launched incorporated businesses. We also offer a similar program to streamline the process of becoming a home-based childcare provider called Childcare Business Pathways Program. These programs are a proven path to entrepreneurship for those that have historically been neglected.

Along with our support of all small businesses, SBS also plays a key role in New York City's Minority and Women-owned Business Enterprise ("M/WBE") program. Through the use of the City's purchasing power, the M/WBE program aims to support the growth of minority and women-owned businesses and ensure our vendors reflect the diversity of our city. At SBS we

provide essential capacity building services and technical assistance so businesses can compete for and execute government contracts. Our robust M/WBE program allows the city to have a stronger and more diverse pool of vendors that provide the best services at the lowest cost.

The Mayor has also set aggressive goals for the program. He recently announced that the City is two years ahead of schedule to meet our goal to award \$16 billion to M/WBEs by 2025. The City has awarded approximately \$7.8 billion to M/WBEs since the goal was established in 2015 – \$1.8 billion more than initial projections. This administration has made major investments into the M/WBE program and set ambitious goals for additional support, including certifying 9,000 M/WBEs by 2019.

We also host a Procurement Technical Assistance Center (PTAC), which is funded in part by the Department of Defense and administered by the Defense Logistics Agency. This program offers critical support to small businesses and aligns with our portfolio of programs that we offer to minority, women, veteran and service disabled veteran owned businesses that have historically not had access to government contracting opportunities. We believe that in order for a small business to gain and sustain growth, they must be prepared to take advantage of multiple revenue streams. By offering education on government contracting with NYC, mentorship programs, and targeted workshops and training, we are providing businesses with the capacity to grow their businesses into the federal and state contracting arenas. Through our services, we are providing businesses with day-to-day operational support, along with the confidence to successfully navigate opportunities and challenges when performing on government contracts.

In line with the Mayor's Career Pathways Strategic Plan, a roadmap to create a more inclusive workforce, SBS is responsible for helping New Yorkers find jobs by connecting jobseekers to employers and local residents to industry-informed training. Through our network

of twenty one federally funded Workforce1 Career Centers, SBS provides recruitment expertise, industry knowledge, and skill-building workshops to match candidates to jobs. Annually, we successfully connect more than 25,000 New Yorkers with quality employment and nearly 4,000 with the training needed to advance their careers.

SBS invests in helping New Yorkers prepare, connect and advance in the key sectors that drive New York City's economy. The investments are informed by industry and designed to meet employer needs through our Industry Partnerships. The goal of these industry partnerships is not only to connect New Yorkers to employment, but also to build a long-term, sustainable connection between employers and the organizations that teach individuals the skills that are needed to enter and advance in the New York City job market. Through industry engagement, we are able to identify gaps in the labor market and develop new training models that can be replicated by providers throughout the city. We have expanded our industry partnerships in the Technology and Healthcare sectors and have launched partnerships in the Food Service, Construction, and Industrial/Manufacturing sectors. We are aiming to address the systemic issues which have prevented some New Yorkers from participating in the economy of tomorrow.

The expertise of local, on-the-ground partners is essential to tackling the unique challenges faced by New York City's diverse neighborhoods and business communities. SBS oversees the largest network of Business Improvement Districts (BIDs) in the country, with 75 BIDs delivering more than \$147 million in services to 93,000 businesses throughout the five boroughs. Not only does SBS provide technical assistance, grant opportunities, and capacity building services to BIDs, but this network also provides a direct connection between neighborhood small businesses and our agency. We are proud of the increase in development of

smaller BIDs and BIDs located in outer boroughs, giving business communities across the city an opportunity to raise their collective voice.

SBS is committed to working with community partners to identify local commercial district needs and plan targeted solutions. One tool for gaining this understanding is through our Commercial District Needs Assessments, or CDNAs. Conducted in partnership with local community organizations, CDNAs identify the strengths, challenges, and opportunities within a commercial corridor. This tool provides valuable information about the needs of local business owners and gives community organizations a framework to plan investments aimed at strengthening neighborhoods and businesses.

SBS also provides financial support to strengthen and revitalize commercial districts through our grant programs. With Neighborhood 360, community-based organizations in six neighborhoods were awarded approximately \$8.5 million in funding over three years to develop and staff revitalization projects that address needs identified in the CDNAs. To further support small businesses and neighborhoods, SBS provides community-based organizations with capacity building services including workshops, legal assistance, design assistance, leadership development, and non-profit management coaching. To address additional staff capacity challenges, our Neighborhood 360° Fellows program pairs ten neighborhood development professionals with ten community-based organizations. The fellows are paid, full-time professionals, community organizers, or urban planners. The program provides organizations with dedicated support for commercial revitalization projects and builds a pipeline of talent in neighborhood development.

As you can see, New York City has made small businesses a priority and as a result we have seen them flourish. We hope municipalities from across the country use New York City as

a model and replicate our successes. By recognizing the strength of diversity in our city, and helping immigrant, women, black entrepreneurs and other entrepreneurs of color to grow thriving businesses and careers, we are ensuring every New Yorker has access to economic security while growing our city's economy.

Question for the Record
Committee on Small Business
Hearing: Communities That Think Small and Win Big
June 20, 2018

Congresswoman Adams Question to Mr. Greg Prestemon:

1. Unfortunately, we know that minority-owned businesses are more likely to face obstacles, like difficulty accessing capital. According to a 2016 study, white owners were three times more likely to say their loans were always approved than were African-American owners.

What policies could Congress implement to provide greater access to capital for these types of small businesses?

Answer:

Capital availability for small business is a daunting challenge in any environment, but it is particularly challenging for entrepreneurs from minority backgrounds. Uniform or “one size fits all” underwriting standards will often have the presumably unintended effect of excluding any borrowers operating in minority neighborhoods or for minority borrowers operating in predominantly white neighborhoods. Because my organization lacks experience in providing services in minority neighborhoods, I am at a disadvantage to provide guidance. On a general level, preserving and expanding the incentives for lending under the Community Reinvestment Act would likely be beneficial. Since much lending in distressed neighborhoods often is done through non-bank sources, this argues for strong regulatory approaches to fend off predatory lenders.

Direct capital investment from micro-loan funds holds promise, although the administrative costs for operating such programs are high. Covering minimal staff and other expenses from program income is usually not possible. Perhaps an increase in grants for operating support for microlending organizations would be impactful. The organization that I lead has not engaged in microlending, primarily because we did not see a path to breaking even.

In terms of programs like the 504, we would recommend consideration of relaxed approval standards for the 504 loan for minority borrowers. For example, in most instances the 504 program will require a 20% down payment/equity injection for startup businesses. Lowering that requirement for minority borrowers is worthy of consideration.

Finally, the Small Business Development Center program is extremely beneficial to small businesses, irrespective of the ethnic background of the owner. This program is woefully underfunded on a national basis. Increased appropriations for the SBDC program should be considered, and there could easily be provisions within such appropriations legislation to target the increased support to SBDC’s with a track record of supporting minority entrepreneurs as well as other segments of the population that are at a market dis-

advantage. Rural locations have high needs and relatively low resources, for example.

Gregory D Prestemon
Chief Executive Officer
EDC of St. Charles County

Question for the Record
Committee on Small Business
Hearing: Communities That Think Small and Win Big
June 20, 2018

Congresswoman Adams Question to Mr. Derek Miller:

1. Unfortunately, we know that minority-owned businesses are more likely to face obstacles, like difficulty accessing capital. According to a 2016 study, white owners were three times more likely to say their loans were always approved than were African-American owners.

What policies could Congress implement to provide greater access to capital for these types of small businesses?

Answer:

In Utah, we recognize that access to capital is the lifeblood of all small businesses. At the Salt Lake Chamber, we run a program called the Women's Business Center of Utah that supports women and minority owned businesses. The Center provides entrepreneurial training, networking opportunities and business consulting including assistance in accessing capital. These services are provided at no cost to the women and minority small business owners, which is possible because of federal grants available for this purpose. I encourage Congress to continue its support of these grants.

Question for the Record
Committee on Small Business
Hearing: Communities That Think Small and Win Big
June 20, 2018

Congresswoman Adams Question to Ms. Vanessa Wagner:

1. Unfortunately, we know that minority-owned businesses are more likely to face obstacles, like difficulty accessing capital. According to a 2016 study, white owners were three times more likely to say their loans were always approved than were African-American owners.

What policies could Congress implement to provide greater access to capital for these types of small businesses?

Answer:

This crucial question has been the subject of important research and reporting by a number of federal and nonprofit organizations. They all confirm that minority businesses are denied loans at a much higher rate than non-minority businesses. When minorities are able to secure loans, it's at a much higher interest rate than rates secured by non-minorities. The Congressional Black Caucus Foundation has made these recommendations: "While there are laws prohibiting loan discrimination on the basis of race, regulatory agencies need to improve upon enforcing regulations at a national level ... the U.S. Department of Justice must ensure that these laws are enforced by streamlining oversight of banks and their lending practices ... The Government Accountability Office could also perform an investigation of whether or not the DOJ is effectively enforcing these regulations and how funds are being appropriated." Improving access to capital for minority entrepreneurs will ultimately result in the creation of more jobs and prosperity for the nation as a whole.

(FYI: This response is based on info on pages 3 and 4 of the attached document. This article gives related info: <https://newsone.com/3428232/barriers-to-financing-undermines-black-entrepreneurship/>)

Questions for the Record
Committee on Small Business
Hearing: Communities That Think Small and Win Big
June 20, 2018

Congresswoman Adams Questions to Mr. Gregg Bishop:

1. Minority-owned businesses are an integral part of my District's economy. And a large source of these minority small business owners is Johnson C. Smith, a Historically Black University in Charlotte. In my state there are 10 Historically Black Colleges and Universities—the most in the nation—but there are more than 100 Historically Black Colleges and Universities nationwide.

In your view, how can local officials, Chambers of Commerce, and other local stakeholders work more closely with our nation's Historically Black Colleges and Universities to create more small business owners?

Answer:

1. Importance of Historically Black Colleges and Universities

Historically Black Colleges and Universities (HBCUs) are vital institutions that produce highly skilled and ambitious graduates. As an alumnus of an HBCU, I understand the importance of connecting with these institutions to ensure young black men and women know the power of entrepreneurship to uplift themselves, their families, and their communities. In my time as Commissioner of New York City Department of Small Business Services, I have made it a priority to meet with alumni associations, fraternities and sororities to raise awareness about our free services and resources. I would encourage elected officials, chambers of commerce and other stakeholders to build relationships with their local HBCUs and do the same. Some examples of how these stakeholders may work with HBCUs to support burgeoning entrepreneurs and jobseekers include:

- Hosting entrepreneurship workshops to provide guidance to enterprising students and alumni networks
- Host innovation competitions in partnership with HBCUs to encourage potential entrepreneurs to pitch their business ideas
- Work with employers to provide necessary workforce development training resources to students in growing industries. One model program could be New York City's Tech Talent Pipeline Residency, run by the New York City Department of Small Business Services, which works directly with employers to train undergraduate students, helping them develop the necessary skills to have a successful career in tech.

2. Last week this Committee held a hearing on the difficulties small businesses, and particularly minority- and women-owned

small businesses, face in competing for federal contracts. In your testimony, you talked about New York City's Procurement Technical Assistance Center (PTAC), which offers support to small businesses, including minority, women, and veteran-owned businesses that have historically not had access to government contracting opportunities.

Can you tell us more about that Center, and how it works to enable these small businesses to compete in the federal marketplace?

2. Procurement Technical Assistance Center

The New York City Department of Small Business Services' Procurement Technical Assistance Center (PTAC) provides support for businesses interested in government procurement. The Procurement Technical Assistance Center is funded in part with the help of the U.S. Department of Defense and the Defense Logistics Agency. The services provided by the center help small businesses navigate the entire government procurement process, from bidding to completion. By empowering NYC government contractor's with education, mentorship programs and targeted workshops and training resources, we are providing businesses with the capacity to grow their businesses into the federal and state contracting arenas. Our services help businesses to:

- Become certified as Minority and Women-owned Business Entities (M/WBEs), SBD, 8(a), Small Disadvantaged Business (SDB), HUB Zone, Woman Owned, Service Disabled and Veteran Owned Business programs
- Understand how to do business with the government
- Learn how to respond to RFPs effectively
- Access a range of one-on-one assistance and training to help ease into government contracting with New York City, New York State and Federal agencies

More specifically, topics covered by PTAC include:

- Introduction to Government Contracting
- Small Business Certifications
- Doing Business with General Services Administration
- Navigating System for Award Management
- Contract Accounting, Response to RFPs/Proposal Writing
 - With technical assistance to help businesses understand requirements for government contracts
- Teaming Arrangements and Subcontracting
- Finding the Right Contracting Opportunities
 - Includes notifications of government contracting opportunities and how to locate these opportunities
- Successfully performing a contract
- Managing and completing contracts, submitting payment requests and resolving issues with government agencies

3. Unfortunately, we know that minority-owned businesses are more likely to face obstacles, like difficulty accessing capital. According to a 2016 study, white owners were three times more likely

to say their loans were always approved than were African-American owners.

What policies could Congress implement to provide greater access to capital for these types of small businesses?

3. Barriers for Black Americans to Access Capital

Due to generational inequalities in wealth distribution created by discriminatory local, state and federal policies, many black Americans face barriers to accessing capital. Traditional measures of credit-worthiness continue to be an especially difficult barrier for black entrepreneurs. Alternative criteria for evaluating credit-worthiness (e.g. strength of a business plans, testimonials from trustees, history of rent payments, etc.) would help address the persistent disparity between black and white business owners' credit scores.

To make it easier for small businesses to access capital, SBS provides free financing services. Through NYC Business Solutions, one-stop business centers located in every borough, we match businesses with the right lender for their needs and business profiles and walk them step-by-step through the loan process. Since 2014, SBS has connected approximately 1,800 businesses to \$155,000,000 in financing. For Minority and Women-Owned Business Enterprises (M/WBEs) contracting with New York City, SBS offers the Contract Financing Loan Fund. This revolving fund offers loans of up to \$500,000 capped at 3% APR, one of the lowest interest rates available in the market. Since the program's launch in 2017, we have lent more than \$7 million to small businesses.

Sincerely,
Gregg Bishop
Commissioner



**National Main Street
Center**
a subsidiary of the
National Trust for Historic Preservation



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Dear Mr. Chairman,

Small businesses and healthy downtown districts are crucial to the success of local economies, especially in small rural towns and under-resourced urban neighborhoods. The National Main Street Center (NMSC) has supported the revitalization of older and historic commercial districts for nearly four decades. Today, our Main Street America network of more than 1,600 neighborhoods and communities, rural and urban, share both a commitment to place and to building stronger communities through preservation-based economic development. **Since 1980, Main Street America communities have reinvested \$74.73 billion, created 138,303 new businesses, created 614,716 jobs and rehabilitated 276,790 buildings.**¹ We welcome the opportunity to **share** with the committee **about** our work to revitalize neighborhoods and create small business friendly environments.

The Main Street Approach

Changing demographics, the drastically shifting retail environment, and evolving local and regional economic dynamics pose a series of new challenges and opportunities to neighborhood revitalization efforts. These changes have significant implications for the development and growth of entrepreneurs themselves, as well as the downtowns and **commercial** districts where they set up shop. In response, the NMSC's work with communities is centered around a comprehensive framework known as the **Main Street Approach**.

The Main Street Approach is a practical, adaptable framework that encourages local community leaders to engage in a process of intentional community engagement, strategic goal-setting, and rigorous impact measurement. The Main Street Approach has been deployed in over 2,000 communities since 1980. Over time, implementation of the Main Street Approach helps communities take their economic destinies into their own hands, offsets the burden of local government, and creates vibrant downtowns where local businesses thrive.

In addition to supporting communities in their implementation of the Main Street Approach, the National Main Street Center partners with members of the Main Street America network to implement innovative programming and initiatives to advance their efforts to revitalize their downtowns and commercial districts. Two of these initiatives are detailed below.

Entrepreneurial Ecosystems

Small businesses and entrepreneurial enterprises have long played an important role in defining the fabric of our communities—helping to fuel local economies, providing unique experiences for consumers, and catalyzing innovation. The significant national growth of the small business

¹ These figures are based on cumulative statistics gathered by the National Main Street Center from its member communities from 1980 to December 31, 2017.

economy has shown a correspondingly significant impact on downtowns and neighborhood commercial districts across the country. In response to these national trends, the NMSC is advancing the concept of place-based 'entrepreneurial ecosystems' as a way of organizing the resources and support systems required to help entrepreneurs thrive.

These entrepreneurial ecosystems strategically align a variety of public and private efforts to provide necessary financial, social, and human capital, all while focusing on the community's unique physical spaces, building stock, and walkable human scale. Successful entrepreneurial ecosystems in commercial districts promote local business ownership through engaging district stakeholders and leveraging distinct cultural assets.

Placemaking

Since 2015, the National Main Street Center (NMSC) has partnered with NYC-based, international nonprofit Project for Public Spaces (PPS) to help revitalize towns and communities through placemaking—a community-led process that helps activate downtowns and community gathering places. Placemaking provides a powerful set of tools for change that local communities can easily learn and apply. Through low-cost physical improvements (i.e. pop-up parks, interactive public spaces, murals), communities can make immediate and affordable changes to public spaces while also building local support and demonstrating to stakeholders the potential for further long-term projects and investments.

In addition to engaging local citizens, placemaking projects create the kind of physical environment that attracts people to the streets, and in turn, to the small businesses that line those streets. Through this partnership, the NMSC has provided direct training and supported crowdfunding efforts in dozens of communities in ten states.

Conclusion

In a globalized, hyper-competitive economy, quality of place matters more than ever. More and more people are choosing to live, work and shop in places with a distinct sense of place and strong quality of life. Healthy, vibrant Main Streets are essential to creating that quality of place, offering walkable, character-rich environments which make great homes for a variety of retail, service, and light manufacturing uses.

Over the past four decades, the NMSC's work has illustrated the connection between quality places and economic competitiveness. Our strategies for ensuring this health include supporting comprehensive implementation of the Main Street Approach, fostering entrepreneurial ecosystems, and advancing placemaking initiatives.

We appreciate the opportunity to share with you, and thank you for your support of small businesses, and the neighborhoods they call home.

Respectfully submitted,

Patrice Frey
President and CEO, National Main Street Center

Thumbtack

June 18, 2018

Chairman Steve Chabot and Ranking Member Nydia Velázquez
House Committee on Small Business
2361 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Chabot and Ranking Member Velazquez:

Thumbtack is honored to have the opportunity to share our data and analysis of small business sentiment with the Small Business Committee. Thumbtack is a website and an app that helps hundreds of thousands of local service professionals across the country like electricians, music teachers, wedding planners, and personal trainers find customers.

In 2012, Thumbtack developed a Small Business Friendliness Survey with experts from the Ewing Marion Kauffman Foundation to ask owner-operators of small businesses about the policy environment where they operate, and learn what governments can do to create a healthy, vibrant local business environment. Since then, Thumbtack has conducted the nationwide survey annually, creating the largest continuous study of small business owners' perceptions of government policy in the United States.

Why Small Business Friendliness Matters

Although the businesses that are surveyed by Thumbtack are small in size (93 percent of our respondents have five or fewer employees), the perceptions of the local business environment by these entrepreneurs matters for three reasons:

1. The United States is a service economy – 80 percent of all workers today work in service industries.¹ The view of service providers, even very small ones, is critical to understanding the environment for job creation as employment in manufacturing continues its historical decline.
2. Entrepreneurship is a critical avenue for displaced workers – research from the Kauffman Foundation shows that entrepreneurial activity tends to increase when the economy slows.² The easier it is for an individual to start and run a business, the faster he or she can get back to work. As more American middle class jobs face the threat of automation and competition from overseas, self-employment

¹ The Department of Labor projects that 95 percent of workers will be in service industries by 2024.

² Kauffman Index of Entrepreneurial Activity, 1996-2013

could become a viable path to make a living for millions of Americans.

3. Entrepreneurship is on the decline – government statistics show a general decline over the last 20 years in rates of self-employment and the rate of new business startups.³ This is happening across industries and across the country. Understanding how policy choices affect very small, new businesses is critical to understanding how to turn the tide on this crisis of small business ownership.

Methodology and Results

The 2017 Thumbtack Small Business Friendliness Survey study reached 13,284 small business owners in all fifty states to ask about their policy preferences and evaluations of their state and local governments. With this survey data, we provide three different analyses.

First, we grade 50 states and 80 metropolitan areas on 12 dimensions ranging from overall business friendliness to more specific measures, such as the friendliness of a region's labor regulations.

Second, we use econometric procedure known as dominance analysis to determine what small businesses want most from their state and local governments. This exercise revealed that licensing requirements and tax regulations are single biggest determinants of small businesses' evaluations of their local and state governments, respectively.

Finally, we use regression analysis to determine how improving along different policy measures affects perceptions of overall friendliness. These results indicate that, among other things, requiring a service provider to hold a license is only negatively correlated with friendliness evaluations if that license is also seen as being difficult to comply with.

Small Business Priorities

In this sixth year of the survey, small business owners told us that the top priority for their local and state governments should be to make regulations straightforward and easy to follow—especially those surrounding licensing, taxes, safety, and employment. Small businesses see these types of regulations as their biggest impediment to starting, growing, and sustaining a thriving business. As a result, states and cities that have successfully streamlined the regulatory steps to starting and growing a business received the highest scores from small business owners in the survey.

³ Hathaway, I. and Litan, R. E. (2014). Declining business dynamism in the United States: A look at states and metros. *Brookings Institution*.

The 2017 survey results also reveal that small business owners often care much less about the policy initiatives that often receive the most attention from state and local public officials—such as corporate relocation tax incentives and public funding of new sports stadiums—and much more about regulations, access to training programs, and ease of using government websites that impact their day-to-day operations. In our survey, small business owners reported that they spent an average of over 8.5 hours per year simply on compliance rules, and have to visit government offices at least three times a year to get necessary information and paperwork.

Given these challenges, many small business owners expressed frustration that state and local governments were spending considerable time strategizing, offering large tax incentives, and removing regulations to entice large corporations to move to their city, while doing little to support existing small businesses or lower their tax and administrative burdens. Unlike their larger counterparts, small businesses often lack the political lobbying power or legal resources to secure exemptions and navigate the regulatory landscape.

Top Scoring States and Cities

For the sixth straight year, there is substantial geographic variation in the perceptions of small business owners regarding the friendliness of their state and local governments.

On one end of the spectrum, survey respondents in Wyoming were the most likely to refer to their state government as supportive, report that starting a business there is easy, or recommend starting a new business. Those in Delaware, Idaho, Louisiana, Maine, Texas, Utah, and Indiana were also quite likely to express such positive attitudes, earning these states the other seven A+ grades we awarded this year.

At the opposite end, small business owners in New Mexico expressed the most negative attitudes about their state's policy environment. Small businesses in Illinois and Alaska felt relatively unsupported by their state governments as well, leading these three states to also receive a F grade.

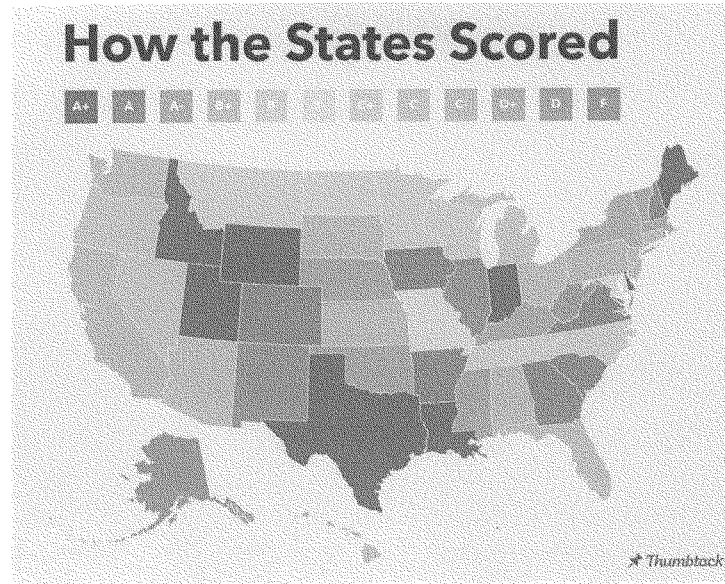
On the local level, Boise, ID took the #1 spot this year, after being unranked last year due to insufficient responses and being 18th and earning a B+ overall grade in 2015. Our #2 city, Worcester, MA had an even more dramatic improvement, surging all the way from 71st (out of 78) last year, when it had a D+ overall grade. Texas was also quite successful on the local level, with three of the top ten cities coming from the Lone Star State: San Antonio came in third overall (it was #1 last year), while Austin came in fourth, and Houston tenth.

Other cities in the top ten included: Grand Rapids, MI (#5), Memphis, TN (#6), Louisville, KY (#7), Lawrence, MA (#8), and Salt Lake City (#9). On the bottom were Greensboro, NC, Rochester, NY, and Honolulu, HI, all of which received an F grade. The state-level and city level results are included in the maps below. Additionally, an interactive visualization of all the ratings, full best practices report and survey methodology are available at <https://www.thumbtack.com/survey>.

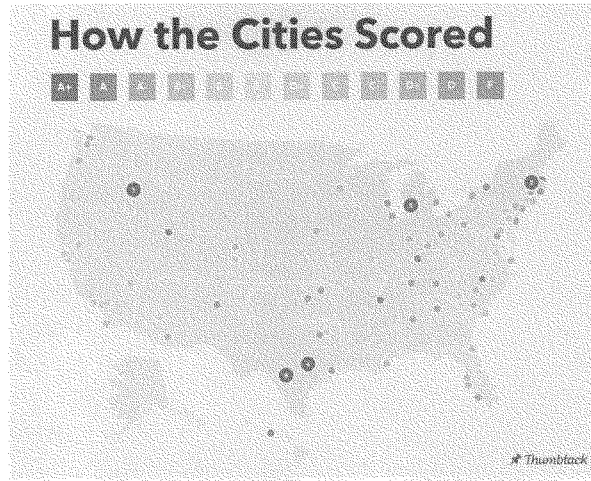
We appreciate the Committee's focus on small business friendliness and it's continued efforts to support small business ecosystems.

Sincerely,

Kellyn Blossom
Thumbtack Public Policy



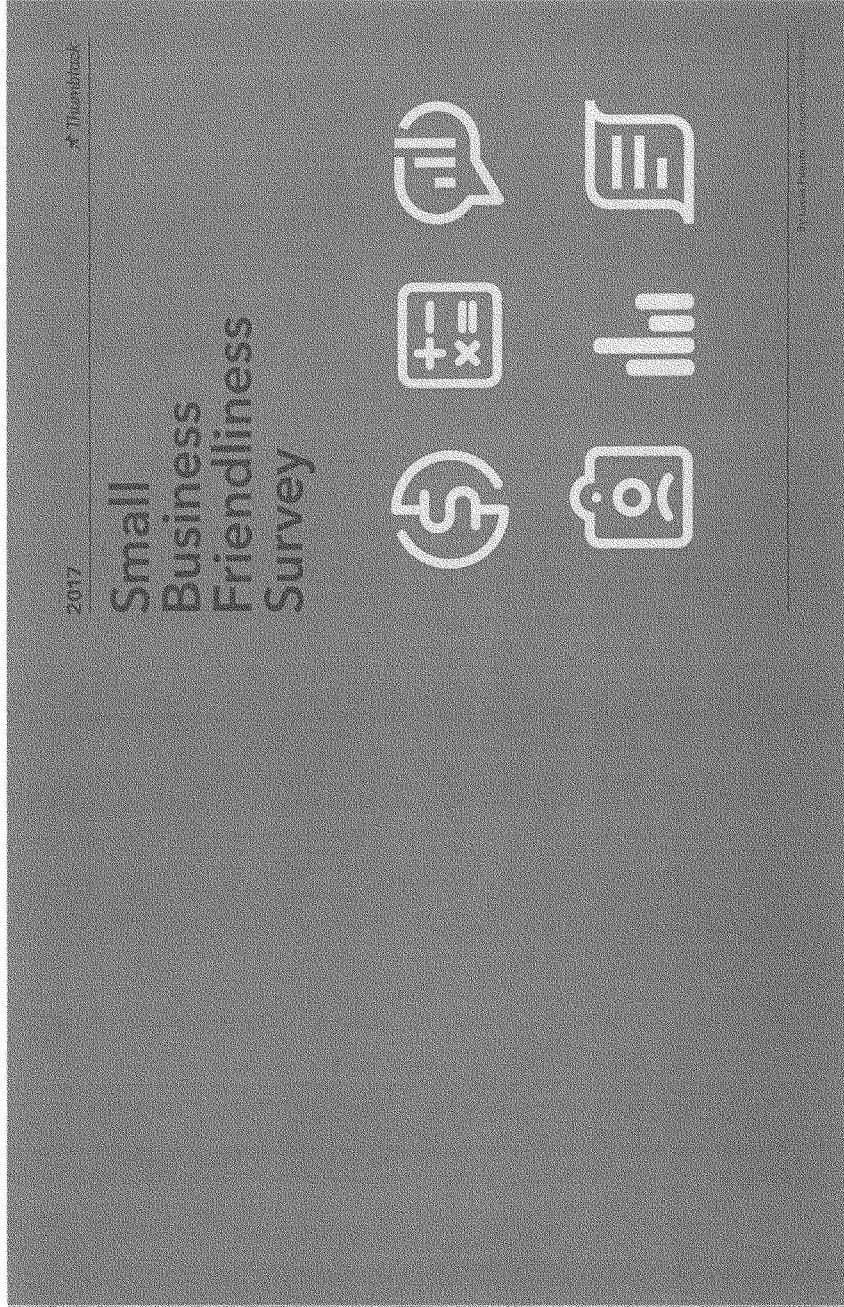
| State Overall Grade | | | | | |
|---------------------|----|------------------|----|-------------------|----|
| 1 Wyoming | A+ | 17 Kentucky | A- | 34 Minnesota | C+ |
| 2 Delaware | A+ | 18 Massachusetts | A- | 35 Wisconsin | C+ |
| 3 Idaho | A+ | 19 Oklahoma | A- | 36 North Carolina | C+ |
| 4 Louisiana | A+ | 20 Mississippi | A- | 37 Oregon | C |
| 5 Maine | A+ | 21 Nebraska | A- | 38 Michigan | C |
| 6 Texas | A+ | 22 Alabama | B+ | 39 Nevada | C |
| 7 Utah | A+ | 23 Kansas | B+ | 40 Connecticut | C- |
| 8 Indiana | A+ | 24 Florida | B+ | 41 Pennsylvania | C- |
| 9 New Hampshire | A | 25 Ohio | B+ | 42 Hawaii | C- |
| 10 South Carolina | A | 26 South Dakota | B+ | 43 California | C- |
| 11 Georgia | A | 27 Arizona | B+ | 44 New Jersey | C- |
| 12 Colorado | A | 28 Washington | B+ | 45 New York | D+ |
| 13 Virginia | A | 29 Montana | B | 46 Rhode Island | D+ |
| 14 Iowa | A | 30 Tennessee | B | 47 West Virginia | D |
| 15 Arkansas | A | 31 North Dakota | B | 48 Alaska | F |
| 16 Vermont | A- | 32 Missouri | B- | 49 Illinois | F |
| | | 33 Maryland | B- | 50 New Mexico | F |

**City Overall Grade**

| | | | | | |
|----------------------|----|----------------------|----|----------------------|----|
| 1 Boise, ID | A+ | 27 Charlotte, NC | B+ | 54 San Jose, CA | C+ |
| 2 Worcester, MA | A+ | 28 Denver, CO | B+ | 55 Ft Lauderdale, FL | C |
| 3 San Antonio, TX | A+ | 29 Indianapolis, IN | B+ | 56 San Diego, CA | C |
| 4 Austin, TX | A+ | 30 Columbia, SC | B+ | 57 Sacramento, CA | C |
| 5 Grand Rapids, MI | A+ | 31 Omaha, NE | B+ | 58 Charleston, SC | C |
| 6 Memphis, TN | A | 32 Jacksonville, FL | B+ | 59 Baltimore, MD | C |
| 7 Louisville, KY | A | 33 Boston, MA | B | 60 New Haven, CT | C |
| 8 Lawrence, MA | A | 34 Raleigh, NC | B | 61 Las Vegas, NV | C |
| 9 Salt Lake City, UT | A | 35 Phoenix, AZ | B | 62 Tacoma, WA | C- |
| 10 Houston, TX | A- | 36 Greenville, SC | B | 63 Newark, NJ | C- |
| 11 Fort Worth, TX | A- | 37 Colo. Springs, CO | B | 64 Portland, OR | C- |
| 12 Tulsa, OK | A- | 38 Dallas, TX | B | 65 Pittsburgh, PA | C- |
| 13 Seattle, WA | A- | 39 Allentown, PA | B | 66 Columbus, OH | C- |
| 14 Okla. City, OK | A- | 40 Riverside, CA | B | 67 Tucson, AZ | C- |
| 15 Atlanta, GA | A- | 41 Bridgeport, CT | B | 68 Buffalo, NY | D+ |
| 16 Washington, DC | A- | 42 Philadelphia, PA | B | 69 Chicago, IL | D+ |
| 17 Nashville, TN | A- | 43 Kansas City, MO | B | 70 Birmingham, AL | D+ |
| 18 Knoxville, TN | A- | 44 Miami, FL | B- | 71 New York, NY | D+ |
| 19 Milwaukee, WI | A- | 45 Orlando, FL | B- | 72 Detroit, MI | D+ |
| 20 Virg. Beach, VA | B+ | 46 W Palm Beach, FL | B- | 73 Camden, NJ | D+ |
| 21 Cincinnati, OH | B+ | 47 Oakland, CA | B- | 73 Hartford, CT | D+ |
| 22 Minneapolis, MN | B+ | 48 Richmond, VA | B- | 75 Cape Coral, FL | D+ |
| 23 Sarasota, FL | B+ | 49 San Francisco, CA | C+ | 76 Providence, RI | D |
| 24 Cleveland, OH | B+ | 50 St. Louis, MO | C+ | 77 Albuquerque, NM | D |
| 25 Tampa, FL | B+ | 51 Albany, NY | C+ | 78 Greensboro, NC | F |
| 26 New Orleans, LA | B+ | 52 Anaheim, CA | C+ | 78 Rochester, NY | F |
| | | 53 Los Angeles, CA | C+ | | |

80 Honolulu, HI

F



2017 Small Business Friendliness Survey Table of Contents

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Conducted since 2012, the Thumbtack Small Business Friendliness Survey is the largest continuous study of small business owners’ perceptions of government policy in the United States.

The 2017 study reached 13,284 small business owners in all fifty states, including electricians, music teachers, wedding planners, wellness professionals, and others operating in a variety of industries. These business owners graded the state and local government policies that affect their small businesses.

In this sixth year of the survey, small business owners told us that the top priority for their local and state governments should be to make regulations straightforward and easy to follow—especially those surrounding licensing, taxes, safety, and employment. Small businesses see these types of regulations as their biggest impediment to starting, growing, and sustaining a thriving business. As a result, states and cities that have successfully streamlined the regulatory steps to starting and growing a business received the highest scores from small business owners in the survey.

Small Businesses and the Future of Work

Across the U.S. economy, business establishments continue to get smaller and leaner, and automation is replacing many routine jobs that once provided a stable middle-class income for millions of people. This will have significant consequences on the American labor market, with estimates suggesting job loss totaling between 14 and 75 million.

Policymakers are grappling with what these trends mean for the future of the American worker and how they can best prepare their communities. At Thumbtack, we have some clues as to where the future of work may lie. According to the Bureau of Labor Statistics, 95 percent of jobs added to the U.S. economy between 2014 and 2024 will be in the service sector. Additionally, the number of professionals who develop and use specialized skill sets in nonroutine trades has grown 34 percent in the past 15 years—and this trend is accelerating. Finally, small businesses account for 60 percent of net new job creation since the 2008 recession.

And while technologies like Thumbtack have made it easier than ever to start and grow a small business, sometimes government isn't always doing its part. To figure out what barriers exist for small business owners and potential entrepreneurs, we set out to better understand the policy issues affecting them.

This is the sixth year that we've fielded the Small Business Friendliness Survey, giving a voice to small businesses about the policies that help and hurt their business. This report provides insights to state and local policymakers on what they can do to help skilled professionals succeed and thrive in a competitive marketplace.

Once again, this year's survey results reveal that small business owners often care much less about the policy initiatives that often receive the most attention—such as corporate tax incentives and public funding of new sports stadiums—and much more about regulations, access to training programs, and ease of using government websites that impact their day-to-day operations. In our survey, small business owners reported that they spent an average of over 8.5 hours per year simply on compliance rules, and have to visit government offices at least three times a year to get necessary information and file paperwork.

Given these challenges, many small business owners expressed frustration that state and local governments were spending considerable time strategizing, offering large tax incentives, and removing regulations to entice large corporations to move to their city, while doing little to support existing small businesses or lower their tax and

"You can spend as much time building your business as you do chasing down rules and regulations in order to comply with state and local laws."

—Eric V., Exterminator

administrative burdens. Unlike their larger counterparts, small businesses often lack the political lobbying power or legal resources to secure exemptions and navigate the regulatory landscape.

One frustrated small business owner shared in the survey, "It's like navigating a maze [in my state] to handle taxes. It's expensive for small businesses. We'll give all the incentives in the world for corporations to come in, hire a bunch of people, and then lay them off. But try to start your own business? Forget it, they're not interested."

The report also includes best practices, highlighting cities that received top scores in each of the surveyed categories, with feedback directly from skilled professionals on how these cities are getting it right. We encourage state and local governments to replicate and borrow programs and practices that are proving successful, so that small businesses can find a friendly environment in every community in the United States.

To read the formal report and methodology, visit <https://www.thumbtack.com/survey>.



Policy Priorities for the Skilled Professional

What makes small businesses rate their governments as friendly? The following government policies and programs affected small businesses most in this year's grades and rankings.

Licensing



More than any other issue, small business owners' evaluations of their local governments are driven by licensing requirements—training or testing obligations, forms and fees needed to start and run a business. Professionals want these requirements to be easy to navigate and uniformly enforced.

Health and Safety



Health and safety regulations range from insurance rules for employees to safety codes affecting business operations. These regulations particularly impact small businesses in the home improvement, events, and wellness industries who want clear and consistent rules to protect themselves and their workers.

Taxes



On the state and local level, tax regulations are a top priority for small business owners; professionals don't mind paying their fair share as long as the tax requirements are easy to understand. They are more frustrated by a tax code that they often see as unnecessarily complicated than a tax rate a majority view as fair.

Zoning



By making the process of complying with local zoning policies and acquiring building, operational and construction permits more straightforward, policymakers can make it easier for small businesses to start and run their businesses.

Labor Regulations



Labor regulations on hiring and employment are key for small businesses looking to expand. Small business owners want to see policies that make it as easy as possible to hire new workers quickly.

Websites



Government websites often help small businesses comply with regulations, apply for licenses, or provide information about operating in the community. Governments that offer informative, easy-to-use website experiences are consistently rated more highly than those with limited and less-interactive sites.

Environmental Rules



Environmental rules affect small businesses across a range of industries, especially home improvement, moving, landscaping, and event planning. Access to clean parks and sustainable spaces is key for many professionals who rely on outdoor venues, and some rules restricting use can be seen as overly burdensome.

Training



Training and networking opportunities—offered by chambers of commerce, government agencies, and local organizations—are valuable to small businesses looking to develop new skills, run their business more efficiently, or network with industry colleagues or potential clients.

Best Practices for Business Friendliness

Cities across the country excelled in different areas of support for small businesses. Here are some of the best practices from cities that received top scores in each category and feedback directly from the small business owners on how these cities are helping make it easier to run a small business in their community.

Licensing



Oklahoma City, Oklahoma scored well with local professionals for the ease of navigating local licensing. A comprehensive list of required licenses along with forms and fees are available online with a clear list of steps on how to complete the process.

"Oklahoma City is really straightforward about what you need to do to get your license." —Fred J., Plumber

Health and Safety



Virginia Beach, Virginia received a top score for local health and safety regulations. These rules can often be confusing and cumbersome to new small business owners, and professionals in Virginia Beach reported that the city efforts to proactively let them know how to stay in compliance were appreciated.

"I think that Virginia Beach does a good job of keeping me up on what's required so new regulations don't sneak up and charge me a fine. There are so many regulations, having help staying up on everything is really important." —Steve K., Contractor

Taxes



Memphis, Tennessee received a top score from small business owners on local tax regulations. Small business owners consistently report that complexity of filing is the number one issue when it comes to taxes, and Memphis makes it easy for small businesses to understand and fulfill their obligations through their Business Development Centers, also known as their One Stop Shops for small businesses.

"Taxes are really reasonable in Memphis. Nobody likes paying taxes, period. But here the government make it easy to file, and the tax rate is relatively low." —Stacey M., Wedding Planner

Zoning



Boise, Idaho received a top score for zoning regulations. Small business owners find the city's planning and development services easy to navigate including the online ePlanReview system that allows small businesses to submit plans online, with simultaneous review by multiple agencies, reducing the overall response time.

"As long as you clear what's permitted within the property lines drawn for your project, you can build whatever you want to. The zoning regulations in the city don't get in the way of the projects I work—and that's not always the case depending on where you are." —Eric J., Contractor

Labor Regulations



Greenville, South Carolina received a top score for labor regulations. Small business owners in Greenville said the rules made it easy to ensure that workers had adequate protections while allowing businesses to hire new workers and grow.

"The labor regulations in Greenville are manageable. I'm clear on what my protections my employees deserve and it doesn't get in the way of how I operate my business." —Heather S., Cleaner

Websites



Jacksonville, Florida received a top score for the ease and usefulness of its clear and comprehensive city website for small business owners. On the city website, you can pay your business taxes, sign up for a consultation on zoning, building, or fire code questions, and get assistance in writing a business plan.

"The city's website is easy to use and offers a lot of services you used to find only offline like local permits and tax documents." —Mike V., Graphic Designer

Environmental Rules



Sarasota, Florida received a top score for its collaboration with small businesses to ensure that local environmental requirements provide a sustainable community and allow local businesses to be a valued partner in achieving goals.

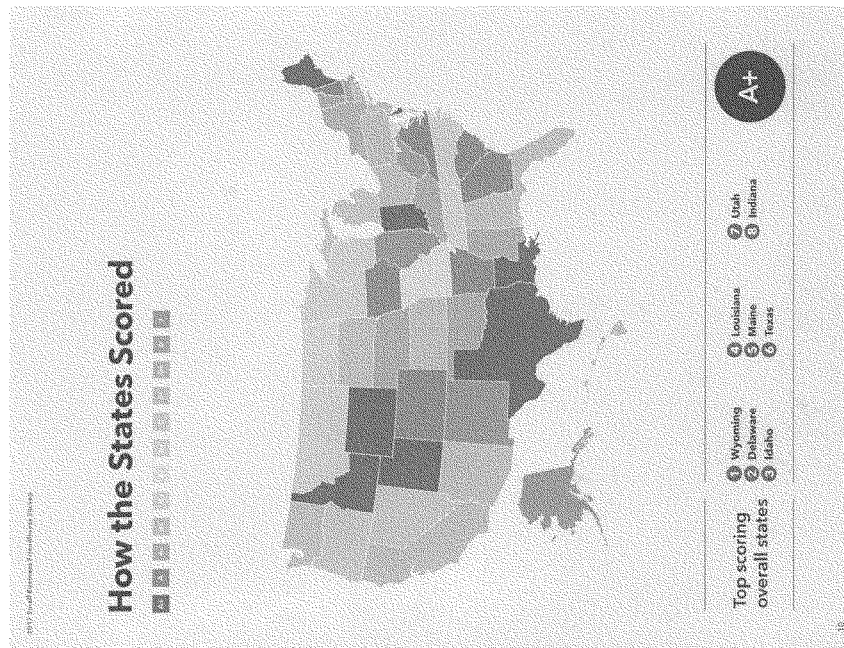
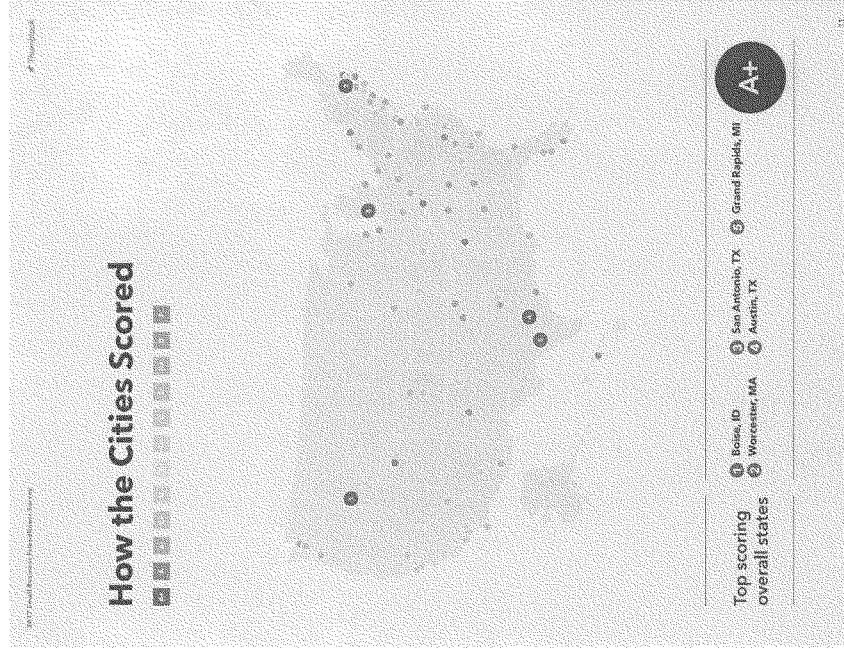
"The city is pretty easy to work with in Sarasota. Our biggest concern is to preserve our gorgeous waterways of Sarasota and keep them clean. The city does that well by working with businesses rather than against them." —Steven T., HVAC Technician

Training



Knoxville, Tennessee received a top score for the availability and quality of training and networking opportunities available to small businesses. Local professionals reported that regional events were easy to find and proved valuable in growing their business.

"I've used a number of Knoxville's training programs to build my real estate business. I've taken classes through my local real estate board and attend networking events through the Nashville Chamber of Commerce." —Kim I., Real Estate Agent

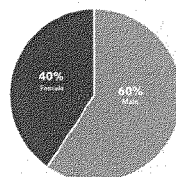


Who Is the Skilled Professional?

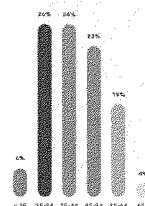
Compared with American small businesses overall, the small business professionals who use Thumbtack are more diverse across race and gender, and more likely to own a business at a younger age. They are evenly divided across the political spectrum of Democrats, Republicans and Independents. And perhaps most importantly, more than four-in-five small business owners who use Thumbtack say they "love what they do"—far more than the national average of workers.



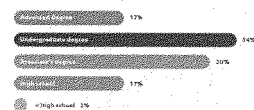
Gender



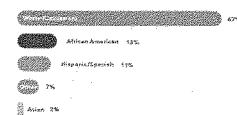
Age



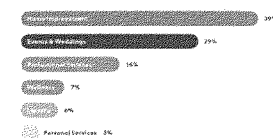
Education Level



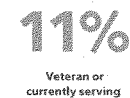
Ethnicity



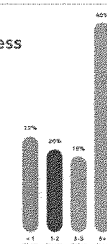
Industry



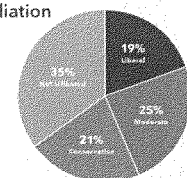
Veteran Status



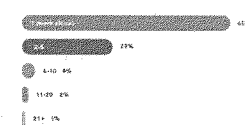
Years in Business



Political Affiliation



Employees



Thumbtack is an app and a website that finds you local professionals for any project. A contractor, a DJ, anyone. It instantly shows you available businesses and how much they'll cost. Through Thumbtack, millions of customers are completing projects and more than 250,000 pros in nearly 1,000 categories are collectively generating more than \$1 billion in annual business—across all 50 states.

More Information

To find results for your local city or state government, see how your region stacks up against other governments, and for our methodology report, please visit www.thumbtack.com/survey.

Acknowledgements

This report was made possible by more than 13,204 Thumbtack small business owners who responded to our survey. We thank you for your time and for sharing your opinions on how governments can support small businesses.

Lucas Puentes, Economist, Thumbtack

Lucas studies Thumbtack's marketplace dynamics and the policy challenges facing small service businesses. Passionate about using data to better understand the American economy, Lucas' previous research topics include decision-making at the federal Reserve and the impact of the 2008 financial crisis on the U.S. economy. He holds a master's and doctorate degrees from Stanford University and is a graduate of the University of Georgia.



2017 Thumbtack Small Business Friendliness Survey: Methodology & Analysis

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October 24, 2017

Abstract

The 2017 Thumbtack.com Small Business Friendliness Survey polled over 13,000 small business owner-operators from across the country on their policy preferences and evaluations of their state and local governments. With this survey data, we provide three novel contributions. First, we grade 50 states and 80 metropolitan areas on 12 dimensions, ranging from overall business friendliness to more specific measures, such as the friendliness of an area's labor regulations. Second, we use econometric procedure known as dominance analysis to determine what small businesses want most from their state and local governments. This exercise revealed that licensing requirements and tax regulations are single biggest determinants of small businesses's evaluations of their local and state governments, respectively. Finally, we use regression analysis to determine how improving along different policy measures affects perceptions of overall friendliness. These results indicate that, among other things, requiring a service provider to hold a license is only negatively correlated with friendliness evaluations if that license is also seen as being difficult to comply with. With these results, we look forward to working with state and local officials to help improve policy conditions for small businesses across America.

*Sujin Oh and Fiorella Wever contributed invaluable research assistance to this report and Jon Lieber provided insight and expertise that greatly assisted the development of this study.

1 Introduction

The Thumbtack Small Business Friendliness Survey is an annual, nationwide survey that asks owner-operators of small businesses about the policy environment where they operate. The survey aims to learn what governments can do to create a healthy, vibrant local business environment by asking the owner-operators of small businesses themselves about these issues. This year we use the survey data to grade all 50 states along with 80 metropolitan regions according to their performance along 12 metrics. This is the largest survey of its kind; so far as we know, Thumbtack is the only organization in the United States that has had the necessary access and motivation to produce such a large-scale survey of small businesses owners' policy preferences over the course of years.

This is the sixth annual release of the survey, which was originally developed with experts from the Ewing Marion Kauffman Foundation.

Although the businesses that are surveyed by Thumbtack are small in size (93 percent of our respondents have 5 or fewer employees), the perceptions of the local business environment by these entrepreneurs matters for three reasons:

1. **The United States is a service economy** – 80 percent of all workers today work in service industries.¹ The view of service providers, even very small ones, is critical to understanding the environment for job creation as employment in manufacturing continues its historical decline.
2. **Entrepreneurship is a critical avenue for displaced workers** – research from the Kauffman Foundation shows that entrepreneurial activity tends to increase when the economy slows (Fairlee, 2014). The easier it is for an individual to start and run a business, the faster he or she can get back to work. As more American middle class jobs face the threat of automation and competition from overseas, self-employment could become a viable path to make a living for millions of Americans.
3. **Entrepreneurship is on the decline** – government statistics show a general decline over the last 20 years in rates of self-employment and the rate of new business start-ups (Hathaway and Litan, 2014). This is happening across industries and across the country. Understanding how policy choices affect very small, new businesses is critical to understanding how to turn the tide on this crisis of small business ownership.

Policies that are friendly towards self-employed entrepreneurs may act as a proxy for the regulatory climate for businesses generally – states that did well in our survey have also seen higher real output growth going back five years. As Figure 4 in Appendix D shows, states with higher friendliness scores have substantially higher growth rates than their less friendly counterparts. The bivariate regression displayed in that figure also indicates that a one unit increase in a state's friendliness rating (i.e., moving from the average respondent indicating that the state's is "neither unsupportive nor supportive" of small business to "somewhat supportive") is associated with a jump in real economic growth per year of 1.41 percentage

¹The Department of Labor projects that 95 percent of workers will be in service industries by 2024 (Henderson, 2013).

points per year. That's far from trivial since 43 states achieved annual growth of under 2.55 percent in 2016 and real GDP growth slowed to 1.5 percent in 2016, significantly down from 2015's growth rate of 2.6 percent. The relationship between economic growth and small business friendliness is also statistically significant on the metro level, with a one unit change in perceived local business friendliness corresponding to a increase of 2.25 percentage points in annualized real GDP growth (see Figure 5).

There are many rankings and indices that designed to evaluate a particular city or state's appeal to business. The Thumbtack.com Small Business Friendliness Survey differs from other such rankings in several meaningful ways:

1. **The Thumbtack survey asks small business owners directly about their perceptions of their government** – many other studies of the same issue rely on the perceptions of the researcher to determine which factors make a political environment favorable or unfavorable.² By prioritizing these other indices, policymakers may do little to improve conditions on the ground, at least in the eyes of small businesses (Motoyama and Hui, 2015).
2. **The scale of the survey is nearly unprecedented** – this year we received over 13,000 responses from small business owners in every state. Not only do few other outlets have the capability of asking that many entrepreneurs the same set of questions on a regular basis, few other outlets are able to break down the results of survey in a consistent fashion across state and metro areas. In addition to the large sample, the scope of the survey, grading cities and states along 12 dimensions using a consistent set of questions over multiple years, captures some nuance that may otherwise be lost from simply looking at a handful of metrics and declaring an area friendly or unfriendly.
3. **The survey is conducted with no preexisting agenda** – the purpose of the survey is to present, without ideological bias, the views of the small business owners who use Thumbtack. We are not pushing any particular agenda or advocating for any political outcomes. Our goals are simply to understand what makes government work better for small businesses, according to their own beliefs.

2 Survey Design & Methodology

The survey was administered between July 26 and September 6, 2017. A link asking business owners or operators to take the survey was provided to business users of Thumbtack.com while they were logged into the site during this period, with some also prompted to take the survey via e-mail. Each of the business owners using the site during this time period

²For example, the "Best Performing Cities" ranking done by the Milken Institute relies entirely on outputs such as which city saw the highest job or wage growth. The "State Business Tax Climate Index" (2014) by the Tax Foundation relies only on the Tax Foundation's view of what makes a friendly tax code and not on the view of local businesses. These rankings, while interesting to review, show little correlation to each other and may end up revealing very little about the actual experience of businesses that operate on the ground and the business environment (Fisher, 2005; Kolko et al., 2013).

was shown the prompt at least once, leading to 13,284 completed responses. Responses that completed less than half of the substantive questions in the survey were thrown out.

The full text of the survey appears in Appendix A. Information on the demographic profile of survey respondents, including how they compare to business owners nationally, can be found in Appendix B. And full results for cities and states can be seen in Appendix C.

Generally, survey questions fall into one of three categories:

1. Questions 1 through 15 ask about a state or locality’s friendliness towards small business.
 - (a) Respondents provided subjective evaluations, ranging from “very friendly” to “very unfriendly” on topics including state and local governments’ overall support of small businesses, regulations that affect their business, and training programs and online resources offered by local and state governments.
 - (b) Questions 16 through 19 are open-ended, “free response” questions that provide business owners with the opportunity to provide additional qualitative feedback on their interactions with their governments and their current policy concerns and priorities. 5,026 respondents answered at least one of these questions.³
2. Questions 22 through 34 ask about demographic information connected to each respondent and his/her business.

To quantify the answers to the questions in this section, we converted the categorical responses we received for each question into numerical scores and averaged those scores in each category for each city or state. For the questions that are answered on a five-point scale, we assign a score of 1 for answers that were very negative, 2 for answers that were somewhat negative, 3 for neutral answers, 4 for answers that were somewhat positive, and 5 for answers that were very positive.

We also compute grades for three categories with nested questions. When asking about one’s experiences with local training programs, government websites, and licensing requirements, we start by identifying whether or not the business has used this resource or is required to hold a license by the relevant authority (the city or county for city grades or state for state grades) and then proceed to ask them about the helpfulness of that resource or the ease of complying with that license. Table 1 describes in detail how the scores for these specific grades are calculated.

While these two approaches enable us to calculate scores for the 11 metrics that we observe directly, we also compute a composite score of the regulatory environment. This is computed by averaging the state or city’s performance on the 6 regulation-related questions in the survey (i.e. those from the multi-faceted Likert scale in questions 8 and 9).

Note also that the overall small business friendliness grade is based purely on survey respondents’ answer to this question:⁴

³Question 35 solicits contact information for those that would like to have their answers to the questions in this section shared with the media.

⁴In prior years, this grade was a composite of answers to this question, along with answers to questions 2

Table 1: Grading Rubric for Categories with Nested Questions

| Score | Training Experience | Website Experience | Licensing Experience |
|-------|--|---|---|
| 1 | Unaware of training programs | Never used a government website | Not required to hold a license or permit by a local / state authority |
| 2 | Aware of training programs, but has not participated in one | Used a government website, but found it “very difficult” to use | Required to hold a license or permit; found compliance “very difficult” |
| 3 | Participated in a training program, but found it “very unhelpful” | Used a government website, but found it “somewhat difficult” to use | Required to hold a license or permit; found compliance “somewhat difficult” |
| 4 | Participated in a training program, but found it “somewhat unhelpful” | Used a government website; found it “neither easy nor difficult” to use | Required to hold a license or permit; found compliance “neither easy nor difficult” |
| 5 | Participated in a training program; found it “neither helpful nor unhelpful” | Used a government website; found it “somewhat easy” to use | Required to hold a license or permit; found compliance “somewhat easy” |
| 6 | Participated in a training program; found it “somewhat helpful” | Used a government website; found it “very easy” to use | Required to hold a license or permit; found compliance “very easy” |
| 7 | Participated in a training program; found it “very helpful” | — | — |

- *States*: In general, how would you rate your state government’s support of small business owners?
- *Cities*: In general, how would you rate your local (county, city, or town) government’s support of small business owners?

In all, we develop grades and ranks for cities and states for these 12 metrics:

1. Overall small business friendliness
2. Ease of starting a small business

(“Would you discourage or encourage someone from starting a new business where you live?”) and 3 (“How difficult or easy is it to start a business where you live?”).

3. Ease of hiring a new employee
4. Overall regulatory friendliness
5. Friendliness of health and safety regulations
6. Friendliness of employment, labor, and hiring regulations
7. Friendliness of tax code and tax regulations
8. Friendliness of licensing requirements
9. Friendliness of environmental rules
10. Friendliness of zoning regulations
11. Availability of helpful training or networking programs
12. Availability of easy-to-use government websites

Grades were assigned based on the average score of the respondents in the relevant geography. Places with the highest average scores received A+ grades and those with the lowest average scores received F's. The exact grade was determined based on the average score's position on the overall distribution on that dimension, with thresholds determined based on historical data.

To avoid assigning grades where we did not have a sufficient number of respondents, we only graded cities where we received 30 or more responses, while states had to receive at least 50 responses to receive a grade or a sufficient share of the businesses in that state.

3 Grading Results

For the sixth straight year, there is substantial geographic variation in the perceptions of small business owners regarding the friendliness of their state and local governments. On one end of the spectrum, survey respondents in Wyoming were the most likely to refer to their state government as supportive, report that starting a business there is easy, or recommend starting a new business. Those in Delaware, Idaho, Louisiana, Maine, Texas, Utah, and Indiana were also quite likely to express such positive attitudes, earning these states the other seven A+ grades we awarded this year. At the opposite end, small business owners in New Mexico expressed the most negative attitudes about their state's policy environment. Small businesses in Illinois and Alaska felt relatively unsupported by their state governments as well, leading these three states to also receive a F grade.

On the local level, Boise, ID took the #1 spot this year, after being unranked last year due to insufficient responses and being 18th and earning a B+ overall grade in 2015. Our #2 city, Worcester, MA had an even more dramatic improvement, surging all the way from 71st (out of 78) last year, when it had a D+ overall grade. Texas was also quite successful on the local level, with three of the top ten coming from the Lone Star State: San Antonio came in third overall (it was #1 last year), while Austin came in fourth, and Houston

tenth.. Other cities in the top ten included: Grand Rapids, MI (#5), Memphis, TN (#6), Louisville, KY (#7), Lawrence, MA (#8), and Salt Lake City (#9). On the bottom were Greensboro, NC, Rochester, NY, and Honolulu, HI, all of which received an F grade. The state-level results are displayed in Figure 1 as well as in Table 6, while the city grades and ranks can be found in Figure 2 and Table 7 (see Appendix C). Additionally, an interactive visualization of all the ratings is available at <https://www.thumbtack.com/survey>, and the full set of grades and ranks can be downloaded via our API (see the instructions at <https://github.com/thumbtack/sbfs-data>).

Figure 1: Choropleth of State Small Business Friendliness Ratings

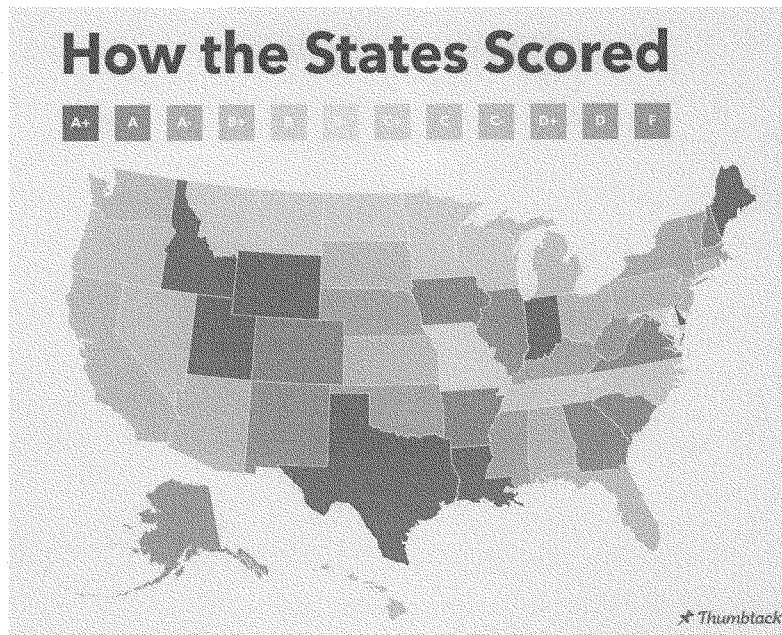


Figure 2: Choropleth of Metro Small Business Friendliness Ratings



4 Analytical Methodology

While these grades provide insights into where skilled professionals feel most supported by their local and state governments, they do not accomplish the second objective of our survey: determining which policy factors are most important to this community. To do this, we examined which policy measures are most responsible for the primary outcome of interest: respondents' perceptions of how supportive their state and local governments are to the small business community (i.e., their answers to questions 1 and 2) using an econometric procedure known as dominance analysis.⁵ The methodology behind this step is relatively straightforward: using the *domin* package in Stata (Luchman, 2014a), a multivariate regression is run for each possible combination of independent variables to determine the proportionate contribution each policy measure makes in explaining variation in the outcomes of interest: respondents' evaluations of the friendliness levels of their states and cities.⁶

Importantly, in each regression model, we account for potential confounding variables that are both respondent-specific, such as an individual's race, gender, age of business, and if they are aligned with the dominant political party in their state or city, as well as others like the strength of the economy in the respondent's state or metro area at the time of the survey (as measured by the unemployment rate, annual percentage change in payroll employment, and annualized GDP change in the last quarter). Since our dependent variables (friendliness evaluations) are perception-based, we also control for the overall level of happiness in each state and city.⁷ By including this full set of control variables, we are able to calculate the *unique* contribution of the 11 distinct policy measures we ask about:

- Health Regulations
- Labor Regulations
- Tax Regulations
- Licensing Requirements
- Environmental Rules
- Zoning Regulations
- Tax Complexity
- Tax Rates
- Government Website
- Licensing Compliance
- Training Opportunities

⁵For more background on this methodology, see Budescu and Azen (2004) and Johnson and LeBreton (2004).

⁶Since the dependent variable is measured on a five-point scale, we relied upon an ordinal logistic regression as our workhorse econometric model. See Luchman (2014b) for a discussion of how to best use dominance analysis in the presence of multi-category dependent variables.

⁷State and city-specific happiness scores come from Mitchell et al. (2013).

With the full sample of over 13,000 responses, we performed dominance analyses on both the city and the state level to determine which policy measures matter most in those two different jurisdictions. In addition, we ran dominance analyses for as many cities and states as possible so we could learn what makes each of these cities and states unique from a policy prioritization perspective.

To complement this set of analyses, we also conducted a series of ordinal logistic regressions. The dependent variable was either the state or local friendliness rating for each individual response, scored on a level from 1 (“very unfriendly”) to 5 (“very friendly”). In the “baseline” equation we settled on (using various diagnostic techniques), the variables are the same as in the dominance analyses: the 11 policy measures, plus the full set of control variables. To account for possible intra-state correlation that isn’t accounted for by the variables in the regression, we cluster the standard errors by state.⁸

5 Analytical Results

Thumbtack’s survey has consistently shown that the most important factors to small businesses are training and networking opportunities offered by a local government, and the friendliness of complying with regulatory burdens, including, most importantly, the tax rules and licensing laws. This year, the dominance and regression analyses offered simple conclusions on the national level. Highlighting this, we found that regulations are the most important determinant of friendliness evaluations on both the state and local level. Specifically, for both states and cities, regulatory burdens, led by those surrounding licensing and employment, were among the most important drivers of friendliness ratings.

In addition, the dominance and regression analyses produced the following results:

- **What matters at the city level differs from the state level** – although for both cities and states, regulatory burdens matter more than other policy measures, local support evaluations are more influenced by licensing requirements, while state support is most driven by tax regulations.
- **Tax rates are less important than regulatory complexity** – for both cities and states, tax rates still matter far less than either tax-related regulations or the burden of complying with tax-based regulations.
- **Licensing is not black and white** – respondents who weren’t required to have a license judged their cities and states in a more favorable light. Put differently, those required to hold a license that was seen as being difficult to comply with were far less likely to evaluate their state and local governments favorably. However, respondents who said complying with licensing rules was “very” or “somewhat easy” to comply with were just as favorable towards their governments as respondents who weren’t required to have a license at all.

⁸This relaxes the standard requirement that all observations in a given state are independent.

•**When the job market heats up, ease of hiring matters more** – labor rules have become more important as the economy has rebounded and the unemployment rate has dropped. This is true on both the state and local level, as business owners become much less likely to evaluate their governments as “very supportive” when they also report that labor and employment regulations are either “somewhat” or “very unfriendly.”

Appendix A: Thumbtack Business Friendliness Survey Questions

2017 Thumbtack Business Friendliness Survey

Thanks for participating in Thumbtacks Small Business Friendliness Survey!

This survey should take under 10 minutes to complete. It asks questions about how friendly your state and local government are toward small businesses like yours.

Thumbtack will use the results of this survey to provide policymakers and researchers with valuable information on how best to support skilled professionals like you.

In publicizing these survey results, Thumbtack will only use anonymized and/or aggregated data unless you give permission to share your comments publicly. All publicly released analysis will reflect aggregate (overall) results.

Thanks for your participation.

-The Thumbtack Team

1. In general, how would you rate your state government's support of skilled professionals like you?
 - Very supportive
 - Somewhat supportive
 - Neither supportive nor unsupportive
 - Somewhat unsupportive
 - Very unsupportive
2. In general, how would you rate your local (county, city, or town) government's support of skilled professionals like you?
 - Very supportive
 - Somewhat supportive
 - Neither supportive nor unsupportive
 - Somewhat unsupportive
 - Very unsupportive
3. In general, how would you rate the federal government's support of skilled professionals like you?
 - Very supportive
 - Somewhat supportive

- Neither supportive nor unsupportive
 - Somewhat unsupportive
 - Very unsupportive
4. Would you discourage or encourage someone from starting a new business where you live?
- Highly encourage
 - Somewhat encourage
 - Neither encourage nor discourage
 - Somewhat discourage
 - Highly discourage
5. How difficult or easy is it to start a business where you live?
- Very easy
 - Somewhat easy
 - Neither easy nor difficult
 - Somewhat difficult
 - Very difficult
- 5a. *Only show if respondent's answer to Q5 is "Neither easy nor difficult", "Somewhat difficult" or "Very difficult":*
 What were the biggest roadblocks to starting your business? Select all that apply.
- Access to credit
 - Access to customers
 - Complying with licensing requirements
 - Complying with tax requirements
 - Paying government fees to start my business
 - Understanding and navigating government rules for registering a new business
 - Other _____
- 5b. *Only show if respondent's answer to Q5 is "Somewhat easy" or "Very easy":*
 How specifically did your local and state governments help you in starting your business? Please select all that apply.

| | Local government | State government |
|--|-----------------------|-----------------------|
| Making it possible to comply with regulations governing starting a business online | <input type="radio"/> | <input type="radio"/> |
| Providing helpful "how to" guides and information for complying with regulations governing starting a business | <input type="radio"/> | <input type="radio"/> |
| Providing helpful people to talk to (online, in person, or on phone) | <input type="radio"/> | <input type="radio"/> |
| Other | <input type="radio"/> | <input type="radio"/> |
| None of the above | <input type="radio"/> | <input type="radio"/> |

6. How difficult or easy is it to obtain and keep health insurance at your business?

- ☐ Very easy
- ☐ Somewhat easy
- ☐ Neither easy nor difficult
- ☐ Somewhat difficult
- ☐ Very difficult

7. How difficult or easy is it to hire a new employee at your business?

- ☐ Very easy
- ☐ Somewhat easy
- ☐ Neither easy nor difficult
- ☐ Somewhat difficult
- ☐ Very difficult
- ☐ Does not apply to my business

7a. Only show if respondent's answer to Q7 is "Very easy", "Somewhat easy", "Neither easy nor difficult", "Somewhat difficult", or "Very difficult":

What obstacles do you face in hiring a new employee at your business? Please select all that apply.

- ☐ Can't find qualified workers
- ☐ Potential employees aren't willing to work at the wage I would like to pay

- Government rules make hiring new workers too difficult
- I face no obstacles to hiring new employees
- Other

8. How unfriendly or friendly is your local government with regard to the following types of regulations:

| | Very friendly | Somewhat friendly | Neither friendly nor unfriendly | Somewhat unfriendly | Very unfriendly | Does not apply to my business |
|--|-----------------------|-----------------------|---------------------------------|-----------------------|-----------------------|-------------------------------|
| Health and safety regulations | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Employment, labor and hiring regulations | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Tax code and tax-related regulations | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Licensing forms, requirements and fees | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Environmental regulations | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Zoning or land use regulations | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

9. How unfriendly or friendly is your state government with regard to the following types of regulations:

| | Very friendly | Somewhat friendly | Neither friendly nor unfriendly | Somewhat unfriendly | Very unfriendly | Does not apply to my business |
|--|-----------------------|-----------------------|---------------------------------|-----------------------|-----------------------|-------------------------------|
| Health and safety regulations | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Employment, labor and hiring regulations | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Tax code and tax-related regulations | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Licensing forms, requirements and fees | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Environmental regulations | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Zoning or land use regulations | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

10. Does your profession require that you hold any of the following to do your job? Select all that apply.

- ☐ License
- ☐ Certification
- ☐ Permit
- ☐ I'm not required to have any of these to do my job

10a. Only show if respondent's answer to Q10 is "License", "Certification", and / or "Permit".

Which of the following types of agencies require that you have a license, certification, or permit to do your job? Please select all that apply.

- ☐ City, town, or other municipal agency
- ☐ County agency
- ☐ State agency
- ☐ Federal agency

- An industry licensing board

- 10b. *Only show if respondent's answer to Q10 is "License", "Certification", and / or "Permit", with the options in the first column depending on the choices made in Q10a:*
How difficult or easy is it to comply with the licensing, certification, or permitting requirements of your profession?

| | Very easy | Somewhat easy | Neither easy nor difficult | Somewhat difficult |
|---------------------------------------|-----------------------|-----------------------|----------------------------|-----------------------|
| City, town, or other municipal agency | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| County agency | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| State agency | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Federal agency | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| An industry licensing board | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

- 10c. *Only show if respondent's answer to Q10 is "License", "Certification", and / or "Permit", with the options in the first column depending on the choices made in Q10a:*
How strictly enforced are the licensing, certification, or permitting requirements of your profession?

| | Very well enforced | Somewhat well enforced | Neither well enforced nor poorly enforced | Somewhat poorly enforced | Very poorly enforced |
|---------------------------------------|-----------------------|------------------------|---|--------------------------|-----------------------|
| City, town, or other municipal agency | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| County agency | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| State agency | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Federal agency | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| An industry licensing board | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

11. How difficult or easy is it to understand and file your business's taxes?

- Very easy
- Somewhat easy
- Neither easy nor difficult
- Somewhat difficult

- Very difficult
12. Do you consider the amount of federal income tax your business pays as too high, about right, or too low?
- Too high
 - About right
 - Too low
 - Don't know/No opinion
13. Are you aware of any helpful training, skill development, or networking programs for business owners offered in your community?
- Yes, and I have used them in the past
 - Yes, but I haven't used them
 - No
- 13a. *Only show if respondent's answer to Q13 is "Yes, and I have used them in the past":*
Who offered the training program(s) that you participated in? Please select all that apply.
- Local Chamber of Commerce or another business association
 - A local school or college
 - A local government entity
 - Local chapter of SCORE or the Small Business Administration's Small Business Development Centers
 - Other _____
- 13b. *Only show if respondent's answer to Q13 is "Yes, and I have used them in the past":*
What type of program(s) have you participated in? Please select all that apply.
- Business development (e.g. marketing, accounting, etc.)
 - Skill development (i.e. honing your craft)
 - Networking with other people in my field
 - Networking with potential clients
 - Other _____
- 13c. *Only show if respondent's answer to Q13 is "Yes, and I have used them in the past":*
How helpful were the training or networking programs you participated in?

| | Local Chamber of Commerce or another business association | A local school or college | A local government entity | A state entity | Local chapter of SCORE or the Small Business Administration's Small Business Development Centers | Other |
|-------------------------------|---|---------------------------|---------------------------|-----------------------|--|-----------------------|
| Very helpful | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Somewhat helpful | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Neither helpful nor unhelpful | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Somewhat unhelpful | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Very unhelpful | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

- 13d. *Only show if respondent's answer to Q13 is "Yes, but I haven't used them" or "No":*
 What type of trainings or events could local organizations offer to appeal to you? Select all that apply.

- ☐ Business development (e.g. marketing, accounting, etc.)
- ☐ Skill development (i.e. honing your craft)
- ☐ Networking with other people in my field
- ☐ Networking with potential clients
- ☐ Other _____

14. Which organization would you turn to first if you wanted to learn more about running your business?

- ☐ Local Chamber of Commerce or another business association
- ☐ A local school or college
- ☐ A local government entity
- ☐ A state entity
- ☐ Local chapter of SCORE or the Small Business Administration's Small Business Development Centers
- ☐ Other _____

15. Have you used a state and/or local government website to comply with regulations on your business or to learn information about operating a business in your community?

| | Yes | No |
|----------------|-----------------------|-----------------------|
| State websites | <input type="radio"/> | <input type="radio"/> |
| Local websites | <input type="radio"/> | <input type="radio"/> |

- 15a. *Only show if one or more of respondent's answers to Q15 is "Yes":*
What did you use these websites to do?

| | State websites | Local websites |
|--|-----------------------|-----------------------|
| File taxes | <input type="radio"/> | <input type="radio"/> |
| Obtain a business license | <input type="radio"/> | <input type="radio"/> |
| Obtain an occupational license | <input type="radio"/> | <input type="radio"/> |
| Register my business (when starting) | <input type="radio"/> | <input type="radio"/> |
| Learn information about running a business in my community | <input type="radio"/> | <input type="radio"/> |
| Other | <input type="radio"/> | <input type="radio"/> |

- 15b. *Only show if one or more of respondent's answers to Q15 is "Yes":*
How difficult or easy was it to use the website(s)?

| | State websites | Local websites |
|----------------------------|-----------------------|-----------------------|
| Very easy | <input type="radio"/> | <input type="radio"/> |
| Somewhat easy | <input type="radio"/> | <input type="radio"/> |
| Neither easy nor difficult | <input type="radio"/> | <input type="radio"/> |
| Somewhat difficult | <input type="radio"/> | <input type="radio"/> |
| Very difficult | <input type="radio"/> | <input type="radio"/> |

- 15c. *Only show if both of respondent's answers to Q15 is "No":*
Would you become more likely to use government websites if there were new features on them?
- ☐ Yes, I don't use them today because they lack the features I need.
 - ☐ No, I'm not interested in using government websites.
- 15d. *Only show if respondent's answer to Q15c is "Yes, I don't use them today because they lack the features I need":*

What features would you like your local and state government websites to offer? Select all that apply.

| | Local websites | State websites |
|--|-----------------------|-----------------------|
| File taxes | <input type="radio"/> | <input type="radio"/> |
| Obtain a business license | <input type="radio"/> | <input type="radio"/> |
| Obtain an occupational license | <input type="radio"/> | <input type="radio"/> |
| Register my business (when starting) | <input type="radio"/> | <input type="radio"/> |
| Learn information about running a business in my community | <input type="radio"/> | <input type="radio"/> |
| Other | <input type="radio"/> | <input type="radio"/> |

16. Please let us know any experiences or thoughts you have regarding the ease of doing business where you live.

17. How have your local (city or county) government's policies and programs helped or hurt your business?

18. How have your state government's policies and programs helped or hurt your business?

19. What policy changes are being debated in your community that concern you and your business?

20. Is this business your primary employment, or is it a side job?

- ☐ Primary employment
- ☐ Side job

21. How long has your business been operating?

- ☐ Less than 1 year
- ☐ 1-2 years
- ☐ 3-5 years
- ☐ More than 5 years

22. How many people does your business employ? Please include only paid employees, not contractors.
 - o 1 - I work alone at my business
 - o 2-5
 - o 6-10
 - o 11-20
 - o 21-50
 - o 51-100
 - o 101 or more
23. What type of company is your business?
 - o Unincorporated or sole proprietorship
 - o Limited liability company (LLC)
 - o Partnership (LP, LLP, GP)
 - o S-Corporation
 - o C-Corporation
 - o I don't know
24. Have you ever been an entrepreneur prior to your current company?
 - o Yes
 - o No
25. What is your gender?
 - o Female
 - o Male
26. What is your race or origin?
 - o White (Caucasian)
 - o Hispanic, Latino, or Spanish
 - o Black or African American
 - o Asian
 - o Other
27. What is your age?
 - o Under 25

- 25-34
 - 35-44
 - 45-54
 - 55-64
 - 65 or above
28. What is the highest level of education you have reached?
- Less than high school
 - High school
 - Community college
 - Technical college
 - Undergraduate degree
 - Masters degree
 - Doctoral degree
29. In general, how would you describe your own political viewpoint?
- Liberal
 - Moderate
 - Conservative
 - Prefer not to answer
30. Generally speaking, do you think of yourself as a ...?
- Democrat
 - Republican
 - Independent
 - Other
 - Prefer not to answer
31. Are you currently serving or have you ever served on active duty in the U.S. Armed Forces, Military Reserves, or National Guard?
- Yes, I am an active duty member of the U.S. Armed Forces
 - Yes, I currently serve in the Military Reserves or or the National Guard
 - Yes, I previously served on active duty in the U.S. Armed Forces, Military Reserves, or National Guard but I am now a civilian

- No, I have never served on active duty in the U.S. Armed Forces, Military Reserves, or National Guard
- 32. Do you currently have health insurance?
 - Yes
 - No
 - Prefer not to answer
- 32a. *Only show if respondent's answer to Q32 is "Yes":*
 Which of the following is your MAIN source of health insurance coverage? Is it a plan through your employer, a plan through your spouse's employer, a plan you purchased yourself either from an insurance company or a state or federal marketplace, are you covered by Medicare or Medicaid, or did you get your health insurance from somewhere else?
 - Plan you purchased yourself
 - Plan through your spouse's employer
 - Medicare
 - Medicaid
 - Plan through one of your parents
 - Somewhere else
 - Don't know
- 33. How many minutes a year do you spend filling out government paperwork?

- 34. How many times have you had to visit a government office in the last year for your business?

- 35. Would you be willing to be quoted in the press about how the current economy affects your business?
 - Yes
 - No
- 35a. *Only show if respondent's answer to Q35 is "Yes":*
 Great - Please provide the following information:
 - First Name: _____
 - Last Name: _____

- Email Address: _____
- Profession: _____

Appendix B: Survey Population

The sample of businesses included in this survey is concentrated in the professional and nonprofessional services sector, as is the general population of businesses that use Thumbtack to acquire new customers. This segment of the economy is substantial and expected to grow. According to the Bureau of Labor Statistics, 80.1 percent of all workers today work in service industries and 94.6 percent of all the jobs expected to be added in the next ten years are projected to be in this part of the economy.⁹ Table 5 documents the representation of different industries in our survey and compares this to the industry distribution of the national population of businesses.¹⁰

In terms of the demographic characteristics of the small business owner-operators that we heard from, our sample represents a wide range of diversity across geography, race and ethnicity, gender, age, and educational attainment. As Table 2 shows, our sample is younger and more diverse with respect to race and gender than the national population of business owners. We believe the survey can therefore provide very useful data for states and localities trying to determine what they can do better to make themselves friendlier to small service businesses from a variety of backgrounds.

Table 2: Demographic Representation

| Gender | Businesses Nationally | Thumbtack Businesses |
|------------------------------|--------------------------|-------------------------|
| Female | 39.96% | 40.39% |
| Male | 60.04% | 59.61% |
| Age of Business Owner | | |
| Under 25 | 2.44% | 5.41% |
| 25-34 | 11.10% | 26.28% |
| 35-44 | 18.97% | 26.11% |
| 45-54 | 26.49% | 22.96% |
| 55-64 | 25.42% | 15.25% |
| 65 or above | 15.57% | 4% |
| Race or Origin | | |
| Asian | 6.91% | 2.58% |
| Black or African American | 9.06% | 12.58% |
| Hispanic, Latino, or Spanish | 12.11% | 10.53% |
| Other | 1.28% | 7.2% |
| White | 70.64% | 67.11% |

We also compared the age and size of the businesses in our survey with those of the general

⁹For more, see <http://www.bls.gov/news.release/ecopro.nr0.htm>.

¹⁰All of the data we acquired about the characteristics of American businesses and their owners come from the Census Bureau's 2012 Survey of Business Owners. See <http://www.census.gov/library/publications/2012/econ/2012-sbo.html>.

business population (see Tables 3 & 4). On both dimensions, the Thumbtack survey sample has a similar distribution to the broader American business community. In terms of business age, our sample includes slightly more newer firms than average, though, just like the overall population of businesses, a plurality of our respondents has been in business for at least 5 years. On the employment size dimension, our sample is more compact than the broader population, with both fewer non-employer firms and fewer businesses with over 20 employees.

Table 3: Representation by Business Age

| Business Age | Businesses Nationally | Thumbtack Businesses |
|---------------------|------------------------------|-----------------------------|
| Less than 1 year | 13.94% | 22.08% |
| 1–2 years | 15.81% | 20.30% |
| 3–5 years | 10.54% | 18.06% |
| 5 or more years | 59.70% | 39.56% |

Table 4: Representation by Number of Employees

| Number of Employees | Businesses Nationally | Thumbtack Businesses |
|----------------------------|------------------------------|-----------------------------|
| None | 82.57% | 65.03% |
| 1–4 | 9.90% | 28.15% |
| 5–9 | 3.36% | 3.94% |
| 10–19 | 2.05% | 1.56% |
| 20–49 | 1.33% | 0.73% |
| 50 or more | 0.79% | 0.59% |

The responses to our survey also closely paralleled the geographic distribution of small, service-based businesses in the country.¹¹ The response rates of only four states varied from their expected response rates by more than 1%, and New York was the only state to vary by more than 2%.¹² California, the state that has the most businesses of this type in the country (13.09 percent of the total), was also the most represented in our survey, with 11.13 of our respondents based there. Texas and Florida, the second and third most populous states for small, service-based businesses, were also well-represented in our survey; both are home to more than 8 percent of our survey respondents. On the other end of the spectrum, we had only 0.01 percent of our sample from Wyoming, though this is only just off the state's overall share of small, service-based businesses. The choropleth in Figure 3 displays this data, with the color of each state corresponding to the share it contributed to our sample.

¹¹We define small businesses as firms with no more than 20 employees.

¹²New York was under-sampled in this year's survey by 2.39 percentage points, given its share of small, service-based businesses according to the Census numbers. This pattern is consistent with previous Small Business Friendliness surveys.

Figure 3: Percent of Responses by State

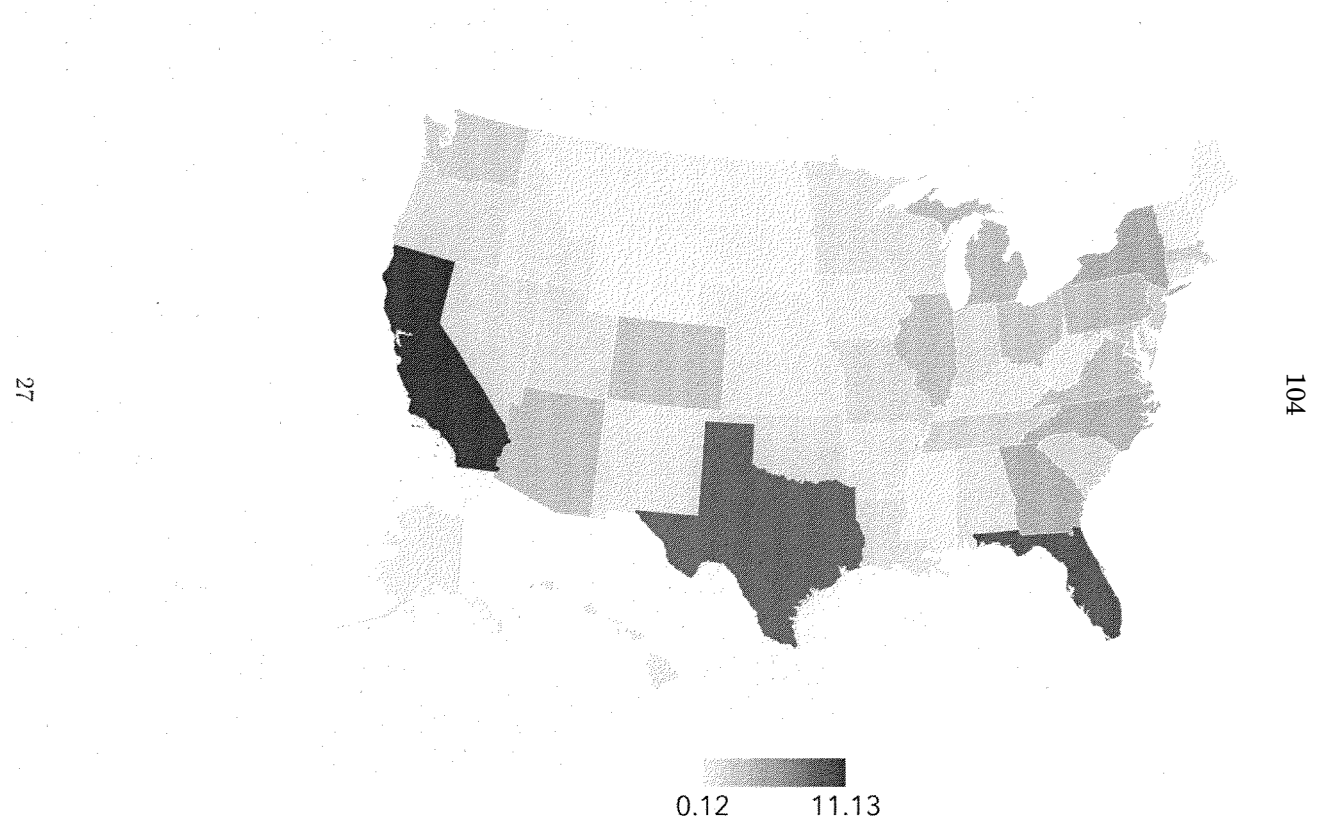


Table 5: Industry Representation

| NAICS Code | NAICS Category | Businesses Nationally | Service Businesses Nationally | Thumbtack Businesses |
|------------|--|-----------------------|-------------------------------|----------------------|
| 11 | Agriculture, Forestry, Fishing and Hunting | 0.93% | — | — |
| 21 | Mining, quarrying, and Oil and Gas Extraction | 0.47% | — | — |
| 22 | Utilities | 0.09% | — | — |
| 23 | Construction | 10.64% | 11.33% | 16.49% |
| 31-33 | Manufacturing | 2.13% | — | 0.44% |
| 42 | Wholesale Trade | 2.55% | — | — |
| 44-45 | Retail Trade | 9.12% | 9.70% | 0.51% |
| 48-49 | Transportation and Warehousing | 4.39% | 4.67% | 1.58% |
| 51 | Information | 1.40% | 1.50% | 1.16% |
| 52 | Finance and Insurance | 3.48% | 3.70% | 0.31% |
| 53 | Real Estate and Rental and Leasing | 9.70% | 10.33% | 1.99% |
| 54 | Professional, Scientific, and Technical Services | 14.11% | 15.02% | 25.36% |
| 55 | Management of Companies and Enterprises | 0.10% | — | 0.02% |
| 56 | Administrative and Support and Waste Management and Remediation Services | 8.37% | 8.91% | 18.45% |
| 61 | Educational Services | 2.45% | 2.61% | 7.44% |
| 62 | Health care and Social Assistance | 9.28% | 9.88% | 2.91% |
| 71 | Arts, Entertainment, and Recreation | 4.81% | 5.12% | 4.49% |
| 72 | Accommodation and Food Services | 3.02% | 3.21% | 2.28% |
| 81 | Other Services (Except Public Administration) | 13.17% | 14.02% | 16.56% |
| 99 | Industries Not Classified | 0.03% | — | — |

Appendix C: Ranks & Grades

Table 6: States

| State | Overall Prevalence | Size of Starting Population | Base of Hiring | Overall Rankings | Health Safety | Employment Labor & Hiring Regulations | Tax Regulation | Licensing Requirements | Environ- mental Issues | Zoning | Training Opportunities | Government Websites |
|----------------------|-----------------------|-----------------------------------|-------------------|---------------------|------------------|--|-------------------|---------------------------|------------------------------|--------|---------------------------|------------------------|
| Alaska | F 48 | F 50 | C+ 28 | D 90 | D 50 | D+ 42 | B- 25 | D 36 | D+ 44 | D+ 45 | A 8 | B+ 19 |
| Alabama | B+ 22 | D+ 30 | C- 37 | A+ 4 | A+ 4 | A+ 7 | B- 23 | A- 8 | A- 8 | A- 2 | D+ 32 | C+ 33 |
| Alaska | B+ 27 | B 21 | C+ 37 | B- 28 | B+ 26 | B- 30 | B- 30 | B 27 | B 28 | C 32 | C 35 | C 37 |
| Arizona | C 13 | D+ 42 | C 33 | D 45 | C 36 | D+ 41 | D 46 | D 15 | C 33 | D+ 41 | B+ 24 | D 17 |
| California | A 12 | A 7 | C 32 | B 23 | A 14 | B 27 | B 22 | B+ 19 | B 26 | C+ 31 | B+ 11 | A 8 |
| Colorado | C- 40 | C- 33 | C+ 35 | D+ 43 | C+ 42 | C- 40 | D+ 43 | C- 42 | D 47 | D+ 42 | C- 39 | A- 14 |
| Connecticut | A+ 2 | A+ 1 | C 31 | A+ 1 | A+ 1 | A+ 2 | A+ 3 | A+ 1 | A+ 1 | A+ 1 | A 6 | A+ 2 |
| Delaware | B+ 31 | B- 15 | A- 10 | A- 17 | A- 17 | A- 22 | A- 6 | A- 5 | A- 10 | A- 7 | C- 39 | C+ 34 |
| District of Columbia | C- 42 | F 48 | D 16 | F 50 | D+ 40 | F 49 | F 48 | F 50 | D 19 | F 50 | F 47 | D+ 15 |
| Hawaii | A 14 | C- 31 | D+ 40 | B+ 20 | A- 24 | A 9 | B+ 20 | B 23 | A- 18 | A- 8 | A+ 1 | A+ 6 |
| Iowa | A 3 | A 5 | A 5 | A- 10 | A+ 10 | A- 16 | A- 16 | A 4 | A+ 6 | B 20 | C 29 | A+ 5 |
| Illinois | F 49 | C- 38 | B- 21 | F 48 | C- 47 | D 47 | F 49 | F 49 | F 50 | D 47 | B- 20 | F 49 |
| Indiana | A+ 8 | A 8 | B+ 12 | B+ 13 | A- 18 | A 11 | A- 17 | B+ 20 | A- 17 | B+ 21 | C+ 27 | B 35 |
| Kansas | A+ 32 | A+ 8 | B+ 16 | B+ 27 | A 17 | B+ 24 | B- 28 | B+ 21 | A+ 5 | B+ 14 | F 40 | D+ 44 |
| Kentucky | A+ 17 | B+ 19 | B+ 16 | B+ 27 | A 17 | B+ 24 | B- 28 | B+ 21 | A+ 5 | B+ 14 | F 40 | D+ 44 |
| Louisiana | A+ 4 | B 22 | A+ 4 | B 22 | A 19 | B 26 | A- 18 | B+ 16 | A- 13 | A- 10 | A- 10 | A+ 4 |
| Massachusetts | A 18 | C+ 27 | C 30 | C+ 29 | B+ 30 | B- 33 | C+ 34 | B- 33 | B- 30 | B- 26 | B- 19 | D 48 |
| Maryland | B- 33 | C- 35 | B- 22 | C 30 | B+ 29 | C+ 36 | D+ 41 | C- 43 | C+ 35 | D+ 39 | B- 22 | A- 13 |
| Maine | A+ 5 | A 4 | D 45 | C+ 30 | B- 37 | B- 32 | C- 39 | A 7 | B+ 25 | C- 35 | A+ 2 | B 27 |
| Michigan | C+ 38 | B+ 19 | D+ 38 | D+ 42 | B- 38 | C 41 | D+ 45 | D 17 | C 42 | D+ 43 | C+ 35 | B 35 |
| Minnesota | B- 32 | B- 24 | D+ 42 | C+ 32 | B 35 | B 25 | C+ 31 | B- 32 | C 42 | D+ 43 | C+ 35 | B 35 |
| Missouri | B- 32 | B- 24 | D+ 42 | C+ 32 | B 35 | B 25 | C+ 31 | B- 32 | C 42 | D+ 43 | C+ 35 | B 35 |
| Mississippi | A- 20 | D 47 | B 15 | A 4 | A+ 2 | A+ 3 | A- 15 | A- 9 | A+ 2 | C+ 29 | B- 18 | B+ 21 |
| Montana | B 20 | D+ 40 | F 50 | B+ 16 | A- 25 | B 29 | A- 15 | A- 9 | A+ 2 | C+ 29 | B- 18 | B+ 21 |
| North Carolina | C 36 | B+ 18 | B 11 | B 25 | A 20 | A- 19 | A- 19 | B 26 | B 27 | B+ 15 | A 7 | B- 30 |
| North Dakota | B 31 | A 9 | F 48 | A+ 2 | A+ 5 | A+ 9 | B- 36 | A+ 2 | A+ 2 | A+ 1 | D+ 44 | A+ 1 |
| Ohio | C- 36 | C- 36 | D+ 41 | A 5 | B 32 | B+ 21 | A 2 | A 3 | B+ 22 | B- 27 | A 3 | A- 11 |
| New Hampshire | A 1 | A+ 2 | D+ 41 | A 5 | B 32 | B+ 21 | A 2 | A 3 | B+ 22 | B- 27 | A 3 | A- 11 |
| New Jersey | C 44 | D+ 41 | C+ 24 | C+ 35 | B 34 | C+ 37 | C+ 33 | B- 30 | C 31 | C 34 | C 28 | C 42 |
| New Mexico | F 56 | C- 36 | C+ 23 | C 38 | B 36 | C+ 35 | D+ 42 | C+ 36 | C 37 | C 36 | B 14 | C- 40 |
| Nevada | C 39 | D- 23 | B- 19 | C 33 | B+ 28 | C 31 | B- 27 | C+ 29 | C 34 | C- 36 | D+ 41 | C+ 35 |
| New York | D+ 45 | C- 29 | C- 34 | C- 35 | F 49 | D+ 38 | F 50 | F 48 | D 46 | D 48 | C+ 26 | F 50 |
| Ohio | B+ 25 | C- 29 | C- 34 | C- 35 | F 49 | D+ 38 | F 50 | F 48 | D 46 | D 48 | C+ 26 | F 50 |
| Oklahoma | C- 47 | C- 47 | D+ 43 | A 6 | A+ 2 | B+ 27 | A 7 | A 7 | A 12 | A 14 | B 33 | B 22 |
| Oregon | C 47 | D+ 43 | D+ 39 | C 40 | C+ 31 | D 45 | D+ 44 | C+ 34 | C 41 | D+ 44 | C 30 | B+ 17 |
| Pennsylvania | C 41 | C+ 28 | C- 36 | C- 41 | B 39 | C 39 | C- 38 | C 40 | C 40 | C 40 | C 32 | C 39 |
| Rhode Island | D+ 46 | D 45 | A- 9 | F 47 | B- 40 | F 50 | C- 40 | C- 41 | D+ 45 | C- 36 | B- 21 | D+ 46 |
| South Carolina | A 10 | A- 12 | B- 17 | B+ 13 | A 7 | A 8 | B 25 | A- 12 | A- 15 | B 17 | C 31 | B 26 |
| South Dakota | B+ 26 | C- 39 | A- 8 | B+ 19 | A+ 10 | A+ 4 | A- 12 | A- 13 | A+ 7 | C+ 28 | F 48 | A+ 3 |
| Tennessee | B 30 | B+ 16 | A- 20 | B+ 12 | A- 23 | A 11 | A 8 | B 24 | B+ 23 | B 18 | B 15 | C 41 |
| Texas | A+ 7 | A- 11 | C+ 25 | B+ 24 | A+ 3 | B+ 23 | B+ 21 | B 24 | B+ 21 | B 22 | C 36 | A 7 |
| Utah | A 13 | B+ 15 | A- 11 | A- 9 | A 8 | A 10 | A 10 | B+ 18 | A 9 | A- 12 | A 5 | B+ 20 |
| Virginia | A- 16 | D 46 | D 47 | D+ 44 | C+ 45 | D+ 43 | F 47 | D+ 44 | D 48 | F 49 | C 37 | A 9 |
| Vermont | A- 16 | D 46 | D 47 | D+ 44 | C+ 45 | D+ 43 | F 47 | D+ 44 | D 48 | F 49 | C 37 | A 9 |
| Washington | B+ 28 | A- 14 | C 29 | C+ 31 | B 31 | B- 31 | C+ 32 | C+ 38 | C 32 | C 33 | C 34 | A 12 |
| Wisconsin | C+ 35 | D 43 | D 43 | C+ 37 | C+ 43 | D 46 | C+ 36 | C+ 35 | C 38 | D+ 40 | F 48 | A 12 |
| West Virginia | F 47 | F 47 | C 41 | C 41 | B 32 | A 11 | C+ 35 | C+ 35 | C 38 | D+ 40 | F 48 | A 12 |
| Wyoming | A+ 1 | C 32 | A+ 1 | A 3 | A+ 3 | A+ 1 | A 9 | A 6 | A+ 1 | A+ 1 | F 50 | D+ 45 |

Table 7: Cities

| City | Overall Friedliness | Base of Starting Business | Ease of Hiring | Overall Regulate Issues | Health & Safety | Employment Labor & Hiring Regulations | Tax Regulation Issues | Licensing Requirements | Environ- mental Issues | Zoning | Training Opportu- nities | Government Websites |
|----------------------|------------------------|---------------------------------|-------------------|-------------------------------|-----------------------|--|-----------------------------|---------------------------|------------------------------|--------|--------------------------------|------------------------|
| Albany, NY | C+ 51 | B 35 | C- 64 | F 79 | F 77 | F 77 | D 73 | F 76 | F 78 | D 65 | C 62 | D 72 |
| Albuquerque, NM | D 77 | B- 57 | C 59 | C- 61 | C 51 | B 43 | D+ 69 | C- 54 | C 63 | D 66 | B 28 | C+ 44 |
| Alhambra, PA | B 59 | B 32 | C+ 45 | D+ 49 | A- 18 | B+ 47 | A- 10 | A- 18 | B 36 | C 43 | B+ 74 | A+ 5 |
| Alhambra, CA | C- 52 | D 60 | D 78 | D+ 68 | C+ 47 | C+ 47 | B+ 50 | A- 18 | C 62 | C 45 | A- 12 | C- 60 |
| Amarillo, TX | A- 4 | A- 16 | A- 17 | B+ 18 | B+ 27 | A 19 | B+ 51 | C+ 43 | B 39 | B+ 20 | C+ 35 | A- 23 |
| Austin, TX | A+ 4 | A 9 | C+ 49 | C+ 48 | C- 65 | B 37 | B 31 | C- 41 | C 68 | F 76 | B+ 25 | C+ 43 |
| Baltimore, MD | C 59 | D+ 67 | C+ 43 | F 76 | D 76 | F 76 | D 71 | F 79 | F 79 | F 79 | B+ 45 | C 46 |
| Birmingham, AL | D+ 70 | B+ 17 | B+ 24 | C 63 | C+ 47 | D 72 | D 72 | C 58 | A- 13 | C+ 26 | A- 18 | D+ 67 |
| Boise, ID | A+ 1 | A+ 3 | A- 21 | A+ 5 | A- 13 | A+ 9 | A 5 | A+ 5 | A- 15 | A- 4 | C+ 37 | A+ 4 |
| Boston, MA | B 33 | C- 55 | C- 61 | C+ 42 | B 38 | B+ 45 | C 55 | C+ 38 | B+ 25 | C 34 | B- 33 | C- 58 |
| Bridgeport, CT | B 41 | C 53 | A 18 | C- 59 | B+ 23 | B+ 26 | C 61 | D+ 96 | B 31 | D+ 58 | D+ 72 | C 53 |
| Buffalo, NY | D+ 68 | C- 57 | C- 64 | C 58 | D+ 71 | B+ 51 | C- 64 | D+ 62 | C 67 | C 40 | B+ 21 | C- 56 |
| Camden, NJ | D+ 73 | B 28 | B- 38 | B- 59 | C- 67 | B+ 33 | B- 45 | C- 57 | A- 19 | D+ 57 | A- 13 | C 55 |
| Cape Coral, FL | D+ 75 | D 72 | B 33 | C 57 | B 34 | B+ 44 | B- 40 | D 73 | C 61 | F 78 | C- 13 | D+ 68 |
| Chapel Hill, NC | C 57 | C 51 | C 53 | C 50 | B+ 36 | A 36 | B 38 | B+ 32 | C- 52 | F 78 | D+ 29 | B- 38 |
| Charlotte, NC | B+ 27 | B 26 | C 31 | B- 30 | B+ 30 | A 36 | B- 38 | B+ 32 | A- 21 | F 72 | B- 41 | D 73 |
| Chicago, IL | D+ 69 | D+ 66 | B+ 28 | C 62 | C 52 | B+ 33 | D+ 66 | D+ 63 | D+ 75 | D 62 | B- 43 | D 73 |
| Cincinnati, OH | B+ 21 | C 49 | C 51 | A 11 | B 32 | A+ 10 | A 17 | A 7 | A+ 6 | A- 8 | B- 43 | D 75 |
| Cleveland, OH | B+ 24 | C 54 | C- 63 | C 51 | C 55 | B+ 54 | C 58 | C 48 | B- 46 | C 35 | B- 40 | D 71 |
| Colorado Springs, CO | B 37 | A- 12 | D 80 | A- 12 | A 5 | A 18 | B 32 | A- 20 | B 38 | A 7 | A+ 2 | B+ 26 |
| Columbia, SC | B+ 39 | A- 11 | A+ 1 | C+ 43 | C 53 | A- 22 | C+ 53 | A- 15 | A+ 5 | B 17 | F 80 | A+ 6 |
| Columbus, OH | C- 66 | B+ 24 | C- 64 | B- 33 | B 35 | A 13 | B+ 22 | B+ 24 | B 31 | D+ 54 | B+ 20 | D+ 66 |
| Dallas, TX | B 38 | B 34 | B 30 | B 26 | B+ 28 | A- 20 | B+ 21 | B- 32 | A- 17 | B 16 | B- 34 | C+ 42 |
| Denver, CO | B+ 28 | A- 14 | C+ 41 | C+ 47 | C+ 37 | B- 50 | B- 13 | C- 45 | B- 30 | C 47 | B- 39 | B- 32 |
| Des Moines, IA | D+ 72 | C 50 | D+ 40 | C 59 | C 59 | C+ 60 | C+ 53 | C+ 41 | C+ 55 | C 48 | B- 40 | F 79 |
| Detroit, MI | C 55 | C 51 | B- 49 | C 55 | C 57 | B 38 | A+ 8 | A- 12 | C- 42 | C 30 | B- 46 | B- 35 |
| Fort Lauderdale, FL | C 53 | C 51 | B- 49 | C 55 | C 57 | B 38 | A+ 8 | A- 12 | C- 42 | C 30 | B- 46 | B- 35 |
| Fort Worth, TX | A+ 5 | B+ 19 | A- 9 | B+ 15 | B 37 | A 11 | C 57 | B+ 26 | B- 42 | C 40 | A 10 | C- 64 |
| Grand Rapids, MI | A+ 5 | B+ 19 | A- 9 | B+ 15 | B 37 | A 11 | C 57 | B+ 26 | B- 42 | C 40 | A 10 | C- 64 |
| Greensboro, NC | F 78 | A- 15 | A+ 2 | C+ 41 | B- 40 | B+ 26 | B- 48 | C 58 | A 10 | C 42 | A 6 | B+ 25 |
| Grenville, SC | B 36 | B+ 21 | B- 37 | A+ 3 | A+ 3 | A+ 1 | A+ 1 | A 11 | B 32 | B 14 | B+ 22 | F 77 |
| Hartford, CT | D+ 73 | D+ 65 | D+ 71 | D+ 67 | F 78 | F 73 | F 75 | D+ 65 | B 36 | D 66 | D+ 73 | F 78 |
| Honolulu, HI | F 80 | F 80 | D 79 | F 80 | F 80 | F 80 | F 80 | F 80 | F 80 | F 80 | D+ 71 | C 51 |
| Houston, TX | A- 10 | A 8 | A+ 5 | A 8 | A 8 | A 14 | A 13 | A- 14 | A 9 | A+ 1 | A- 15 | A- 19 |
| Indianapolis, IN | B+ 29 | A+ 1 | A 12 | B 25 | A- 18 | D+ 68 | B 35 | B- 34 | A 16 | C+ 29 | B- 48 | B- 41 |
| Jacksonville, FL | B+ 32 | C 58 | B- 40 | C 52 | B 29 | A- 24 | B 27 | D+ 69 | B- 44 | D 63 | C+ 60 | A+ 1 |
| Jacksonville, MO | B 43 | B 29 | A- 17 | B- 32 | B- 39 | A- 24 | B+ 20 | B- 36 | B+ 30 | C 37 | B 35 | A- 12 |
| Kansas City, MO | C 53 | C 51 | B- 49 | C 55 | C 57 | B 38 | A+ 8 | A- 12 | C- 42 | C 30 | B- 46 | B- 35 |
| Knoxville, TN | C 53 | C 51 | B- 49 | C 55 | C 57 | B 38 | A+ 8 | A- 12 | C- 42 | C 30 | B- 46 | B- 35 |
| Las Vegas, NV | C 53 | C 51 | B- 49 | C 55 | C 57 | B 38 | A+ 8 | A- 12 | C- 42 | C 30 | B- 46 | B- 35 |
| Lawrence, MA | A 8 | B+ 23 | C+ 44 | C 66 | D+ 68 | C 61 | B+ 24 | A 10 | A 10 | A 9 | A 9 | D 74 |
| Los Angeles, CA | C+ 53 | F 77 | A 16 | A 16 | A 7 | A 7 | A- 12 | A+ 2 | A 11 | A+ 3 | C+ 54 | B+ 24 |
| Louisville, KY | A 7 | A 13 | A 16 | A 7 | A 7 | A 2 | A- 12 | A+ 2 | A 11 | A+ 3 | C+ 54 | B+ 24 |
| Memphis, TN | A 6 | A 7 | A+ 3 | A+ 1 | A 4 | A+ 5 | A 7 | A+ 4 | A 4 | A 6 | D 75 | A- 15 |
| Miami, FL | B- 44 | D+ 64 | A+ 7 | A- 14 | B+ 26 | B+ 31 | A 7 | A- 21 | A- 22 | C+ 27 | B- 47 | B 29 |
| Minneapolis, WI | A- 19 | C+ 44 | D+ 73 | C+ 40 | C 56 | B+ 35 | A 14 | B- 33 | B- 45 | C+ 32 | C+ 59 | A- 23 |
| Minneapolis, MN | B+ 22 | B 30 | C 60 | C 54 | B- 45 | B- 49 | C 56 | D+ 61 | C+ 58 | D+ 61 | B 27 | B+ 28 |
| Nashville, TN | A- 17 | B- 39 | C+ 50 | C+ 45 | C 54 | C 65 | C+ 51 | C+ 42 | B 35 | C+ 23 | D- 70 | B- 37 |
| New Haven, CT | D+ 63 | D 63 | A 18 | B 30 | D+ 69 | D+ 61 | A 15 | C 59 | C+ 54 | C 34 | A 14 | A 3 |
| New York, NY | D+ 71 | F 78 | C+ 48 | F 74 | D 73 | D+ 70 | F 77 | F 71 | D 77 | F 75 | B- 42 | C 65 |
| Newark, NJ | C- 63 | D 71 | B 35 | B- 34 | D 73 | D+ 70 | B 37 | F 71 | D 77 | F 75 | B- 42 | C 65 |
| Oakland, CA | B- 47 | D+ 59 | D+ 68 | C 64 | D+ 72 | D+ 67 | D 74 | C 49 | C 65 | D+ 53 | B- 36 | A- 14 |

Table 7: Cities (Continued)

| City | Overall Friendliness | Ease of Starting a Business | Ease of Hiring | Overall Regulat- ions | Health & Safety | Employment, Labor & Hiring Regulations | Tax Regulat- ions | Licensing Require- ments | Environ- mental Rules | Zoning | Training Opportu- nities | Government Websites |
|---------------------|-------------------------|-----------------------------------|-------------------|-----------------------------|-----------------------|---|-------------------------|--------------------------------|-----------------------------|--------|--------------------------------|------------------------|
| Oklahoma City, OK | A- 14 | A 6 | A+ 6 | A+ 2 | A+ 1 | A 15 | A+ 3 | A+ 1 | A+ 1 | B+ 13 | D 77 | D+ 69 |
| Omaha, NE | B+ 31 | D+ 62 | A+ 4 | B- 36 | A- 16 | A 14 | B- 47 | C 46 | A- 23 | C+ 28 | B- 50 | B 31 |
| Orlando, FL | B- 45 | B+ 22 | B+ 25 | A- 13 | B+ 23 | A- 21 | A+ 4 | A- 16 | A+ 8 | B- 18 | B- 32 | A 7 |
| Philadelphia, PA | B 42 | C 52 | C 58 | C 56 | B 36 | B- 46 | C+ 49 | C- 53 | C 64 | D+ 59 | D 76 | B- 40 |
| Phoenix, AZ | B 35 | B 31 | C 54 | B- 37 | B- 41 | C+ 59 | B- 44 | B- 31 | B- 43 | C+ 33 | C 66 | C 45 |
| Pittsburgh, PA | C- 65 | C+ 42 | C 56 | D 73 | C 61 | D 74 | F 78 | D+ 67 | C- 70 | D+ 55 | A 8 | D 76 |
| Portland, OR | C- 64 | D 70 | D+ 76 | C+ 50 | C- 66 | C+ 58 | C+ 52 | C+ 44 | B- 51 | D+ 50 | C 61 | C 54 |
| Providence, RI | D 76 | D 74 | A+ 10 | D 70 | D 75 | C 62 | C- 63 | D+ 71 | C 66 | D+ 52 | C+ 55 | C 48 |
| Raleigh, NC | B 34 | A 4 | A 13 | A 9 | A 11 | A+ 6 | A 6 | A 6 | A+ 7 | B+ 11 | A 11 | B+ 26 |
| Richmond, VA | B- 48 | C+ 46 | B 36 | B 28 | C 62 | B 41 | B+ 26 | B+ 22 | C+ 57 | D+ 61 | A+ 3 | A 9 |
| Riverside, CA | B 40 | D 73 | B 34 | C 53 | B- 44 | B 42 | C+ 50 | C- 52 | B- 40 | D+ 56 | C 63 | A- 18 |
| Rochester, NY | F 78 | D+ 68 | A 14 | F 78 | D+ 70 | F 78 | F 76 | F 78 | D+ 74 | F 71 | B+ 22 | C- 63 |
| Sacramento, CA | C 57 | D+ 61 | D 77 | D 72 | C 57 | C 63 | D+ 67 | D+ 64 | F 80 | F 77 | C 65 | B- 39 |
| Salt Lake City, UT | A 9 | B+ 25 | A 15 | B- 38 | B 31 | B+ 30 | B- 39 | C 47 | C+ 53 | C+ 30 | B- 38 | B 30 |
| San Antonio, TX | A+ 3 | B 27 | A- 23 | A- 10 | A 6 | A+ 7 | A- 19 | A- 13 | A 12 | B+ 12 | A 7 | A- 17 |
| San Diego, CA | C 56 | D 75 | D+ 72 | D+ 68 | C- 64 | C 66 | D+ 65 | D+ 70 | C- 72 | F 70 | C+ 51 | C- 57 |
| San Francisco, CA | C+ 49 | D 76 | C+ 47 | F 77 | D 74 | D+ 69 | F 79 | F 77 | C 62 | F 74 | A- 16 | B- 34 |
| San Jose, CA | C+ 54 | F 79 | D+ 69 | D 69 | C- 63 | D 72 | C 59 | C- 56 | D 76 | D 66 | C+ 52 | D 70 |
| Sarasota, FL | B+ 23 | B 29 | C 55 | B+ 17 | A 9 | B+ 28 | B 28 | A- 18 | A+ 2 | A- 10 | C+ 56 | A- 13 |
| Seattle, WA | A- 13 | B+ 20 | B 32 | B 27 | B+ 22 | B+ 34 | B 34 | B- 35 | A- 20 | C+ 24 | B- 49 | B- 33 |
| St. Louis, MO | C+ 50 | C 47 | D+ 74 | C+ 49 | B 33 | B- 48 | B 36 | C+ 37 | C+ 56 | D 64 | B- 37 | C- 59 |
| Tacoma, WA | C- 62 | C+ 43 | C 57 | C+ 44 | C+ 49 | B- 52 | B 30 | F 75 | B- 48 | B- 19 | F 79 | A- 16 |
| Tampa, FL | B+ 25 | C- 56 | C+ 42 | B 23 | B+ 21 | A- 23 | A- 16 | B- 29 | B+ 27 | C+ 25 | A 5 | A- 20 |
| Tucson, AZ | C- 67 | D+ 60 | B+ 29 | D 74 | F 79 | F 79 | D+ 68 | C 51 | C 60 | F 73 | C 64 | C 49 |
| Tulsa, OK | A- 12 | A 5 | A+ 11 | B+ 20 | B- 42 | B+ 35 | A- 11 | A 8 | B+ 26 | C+ 31 | A+ 4 | C- 62 |
| Virginia Beach, VA | B+ 20 | A+ 2 | A+ 8 | A 6 | A+ 2 | A+ 4 | A 9 | A 8 | B 33 | A 5 | C+ 53 | A+ 2 |
| Washington, DC | A- 16 | C 47 | B+ 27 | B 24 | A- 17 | A 12 | B 29 | C+ 40 | B+ 24 | B- 21 | B 24 | A- 11 |
| West Palm Beach, FL | B- 46 | C+ 45 | C+ 45 | B 21 | B+ 24 | B+ 29 | B 33 | C+ 39 | A- 18 | B 15 | B 31 | A 8 |
| Worcester, MA | A+ 2 | A- 10 | C- 62 | B+ 16 | A- 12 | A- 25 | B- 41 | B+ 24 | B+ 28 | C 41 | F 78 | F 80 |

6 Appendix D: Full Analytical Results

Figure 4: Relationship Between Friendliness Scores & State Growth Rates

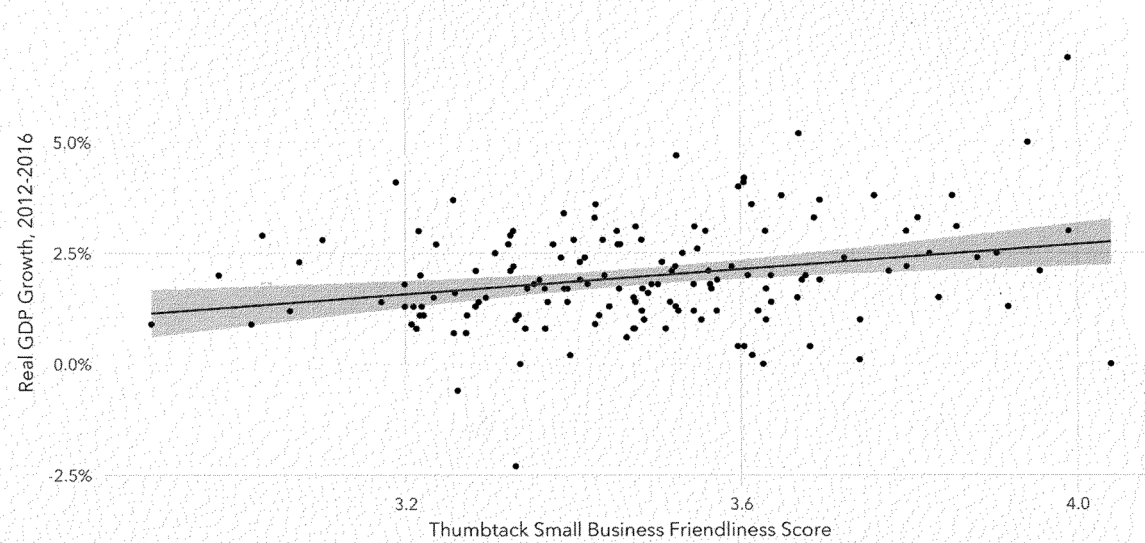
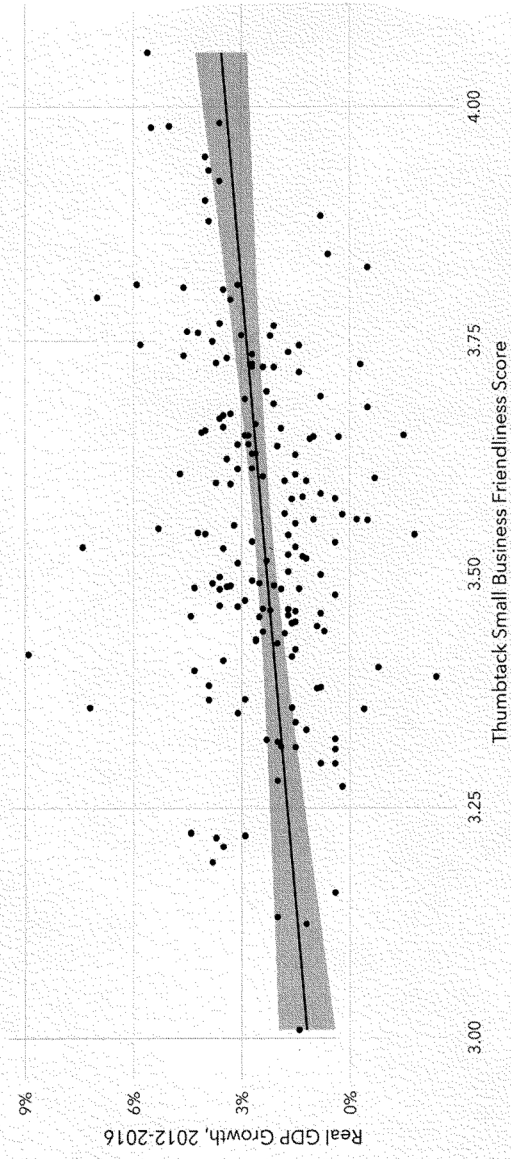


Figure 5: Relationship Between Friendliness Scores & Metro Area Growth Rates



Source: Thumbtack Small Business Friendliness Survey

Thumbtack

Table 9: Dominance Analysis: Local Support

| Rank | Factor | Dominance Statistic |
|------|------------------------|---------------------|
| 1 | Licensing Regulations | 0.0157 |
| 2 | Tax Regulations | 0.0150 |
| 3 | Health & Safety Rules | 0.0147 |
| 4 | Labor Regulations | 0.0139 |
| 5 | Tax Complexity | 0.0105 |
| 6 | Zoning | 0.0095 |
| 7 | Website Experience | 0.0092 |
| 8 | Environmental Rules | 0.0085 |
| 9 | Training Opportunities | 0.0080 |
| 10 | Licensing Experience | 0.0044 |
| 11 | Controls | 0.0038 |
| 12 | Tax Rates | 0.0009 |

Table 10: Dominance Analysis: State Support

| Rank | Policy Factor | Dominance Statistic |
|------|------------------------|---------------------|
| 1 | Tax Regulations | 0.0141 |
| 2 | Licensing Regulations | 0.0135 |
| 3 | Health & Safety Rules | 0.0112 |
| 4 | Labor Regulations | 0.0109 |
| 5 | Tax Complexity | 0.0089 |
| 6 | Zoning | 0.0087 |
| 7 | Environmental Rules | 0.0077 |
| 8 | Controls | 0.0070 |
| 9 | Website Experience | 0.0069 |
| 10 | Training Opportunities | 0.0061 |
| 11 | Licensing Experience | 0.0033 |
| 12 | Tax Rates | 0.0009 |

Table 11: Ordinal Logistic Regression Results

| Dependent Variable: | | State Support | Local Support |
|--|---------------------------------|----------------------|----------------------|
| Health & Safety (Baseline = Does Not Apply) | Neither friendly nor unfriendly | 0.010 (0.076) | -0.093 (0.103) |
| | Somewhat friendly | 0.225** (0.094) | 0.189* (0.120) |
| | Somewhat unfriendly | -0.024 (0.086) | -0.134 (0.147) |
| | Very friendly | 0.531*** (0.106) | 0.735*** (0.171) |
| | Very unfriendly | -0.480*** (0.158) | -0.437** (0.214) |
| Labor Regulations (Baseline = Does Not Apply) | Neither friendly nor unfriendly | 0.069 (0.08) | -0.099 (0.093) |
| | Somewhat friendly | 0.207*** (0.069) | 0.152 (0.094) |
| | Somewhat unfriendly | -0.144 (0.091) | -0.290** (0.129) |
| | Very friendly | -0.010 (0.138) | 0.179 (0.175) |
| | Very unfriendly | -0.223 (0.149) | -0.572*** (0.192) |
| Tax Regulations (Baseline = Does Not Apply) | Neither friendly nor unfriendly | 0.018 (0.067) | -0.015 (0.126) |
| | Somewhat friendly | 0.188** (0.076) | 0.211 (0.146) |
| | Somewhat unfriendly | -0.118 (0.077) | -0.041 (0.152) |
| | Very friendly | 0.502*** (0.128) | 0.411* (0.230) |
| | Very unfriendly | -0.492*** (0.125) | -0.337* (0.183) |
| Licensing Requirements (Baseline = Does Not Apply) | Neither friendly nor unfriendly | 0.130 (0.087) | 0.277* (0.147) |
| | Somewhat friendly | 0.330*** (0.085) | 0.406*** (0.149) |
| | Somewhat unfriendly | -0.080 (0.075) | 0.011 (0.156) |
| | Very friendly | 0.58*** (0.107) | 0.713*** (0.182) |
| | Very unfriendly | -0.338** (0.154) | -0.304 (0.211) |

Table 11: Ordinal Logistic Regression Results (Continued)

| | | | |
|---|---------------------------------|----------------------|----------------------|
| Environmental Rules (Baseline = Does Not Apply) | Neither friendly nor unfriendly | -0.106 (0.081) | -0.126 (0.093) |
| | Somewhat friendly | -0.038 (0.105) | 0.037 (0.106) |
| | Somewhat unfriendly | 0.055 (0.123) | 0.119 (0.127) |
| | Very friendly | -0.036 (0.213) | -0.141 (0.175) |
| | Very unfriendly | -0.072 (0.138) | -0.164 (0.195) |
| | | | |
| Zoning (Baseline = Does Not Apply) | Neither friendly nor unfriendly | 0.001 (0.079) | 0.085 (0.089) |
| | Somewhat friendly | 0.095 (0.094) | 0.175* (0.096) |
| | Somewhat unfriendly | 0.050 (0.084) | 0.016 (0.109) |
| | Very friendly | 0.664*** (0.159) | 0.416*** (0.153) |
| | Very unfriendly | -0.091 (0.122) | -0.277 (0.193) |
| | | | |
| Tax Complexity (Baseline = Does Not Apply) | Somewhat difficult | -0.151*** (0.051) | -0.060 (0.078) |
| | Somewhat easy | 0.162*** (0.049) | 0.254*** (0.070) |
| | Very difficult | -0.524*** (0.09) | -0.582*** (0.086) |
| | Very easy | 0.353*** (0.062) | 0.377*** (0.095) |
| Tax Rates (Baseline = It's about right or too low) | It's too high | -0.076* (0.042) | -0.052 (0.048) |
| | | | |

Table 11: Ordinal Logistic Regression Results (Continued)

| | | | |
|--|--|----------------------|----------------------|
| | Neither easy nor difficult | -0.058 (0.05) | 0.079 (0.058) |
| Government Website Experience (Baseline = None) | Somewhat difficult | -0.176*** (0.06) | -0.179 (0.115) |
| | Somewhat easy | 0.161*** (0.039) | 0.129* (0.067) |
| | Very difficult | -0.603*** (0.168) | -1.121*** (0.231) |
| | Very easy | 0.323*** (0.064) | 0.484*** (0.100) |
| | Neither helpful nor unhelpful | 0.173 (0.108) | 0.262** (0.128) |
| | Programs Available but Unused | 0.353*** (0.044) | 0.390*** (0.060) |
| | Somewhat helpful | 0.282*** (0.074) | 0.347*** (0.069) |
| Training Opportunities (Baseline = None) | Somewhat unhelpful | 0.261 (0.21) | 0.384 (0.267) |
| | Very helpful | 0.594*** (0.069) | 0.672*** (0.077) |
| | Very unhelpful | -0.241 (0.408) | 0.420 (0.605) |
| | Difficult Compliance, Neutral on Enforcement | -0.296** (0.132) | -0.297 (0.249) |
| | Difficult Compliance, Poorly Enforced | -0.449* (0.232) | -0.538** (0.221) |
| | Difficult Compliance, Well Enforced | 0.165* (0.092) | -0.287* (0.166) |
| | Easy Compliance, Neutral on Enforcement | 0.141* (0.079) | 0.260** (0.128) |
| Licensing Compliance (Baseline = None) | Easy Compliance, Poorly Enforced | -0.365** (0.131) | 0.004 (0.172) |
| | Easy Compliance, Well Enforced | 0.240*** (0.047) | 0.233*** (0.064) |
| | Neutral Compliance, Neutral on Enforcement | 0.003 (0.083) | -0.061 (0.116) |
| | Neutral Compliance, Poorly Enforced | -0.297 (0.255) | -0.331 (0.205) |
| | Neutral Compliance, Well Enforced | 0.222*** (0.076) | 0.148 (0.118) |

Table 11: Ordinal Logistic Regression Results (Continued)

| | | | |
|---|------------------------------|-----------------------|----------------------|
| Control Variables | Area Unemployment Rate | -0.108*** (0.028) | -0.106*** (0.039) |
| | Area GDP Change | 0.006 (0.017) | 0.012 (0.017) |
| | Area Employment Change | 4.275 (5.970) | 0.679 (2.832) |
| | Area Happiness Level | -0.600 (0.36) | 0.577 (0.783) |
| | Political Contiguity | 0.344*** (0.059) | 0.278* (0.145) |
| Business Age (Baseline = Less than 1 Year) | 1-2 years | -0.218*** (-0.053) | -0.157* (0.080) |
| | 3-5 years | -0.248*** (0.044) | -0.169*** (0.063) |
| | More than 5 years | -0.411*** (0.036) | -0.352*** (0.062) |
| Gender (Baseline = Male) | Female | -0.210*** (0.036) | -0.044 (0.042) |
| Race (Baseline = White) | Asian | 0.304** (0.108) | 0.138 (0.112) |
| | Black or African American | 0.095** (0.04) | 0.014 (0.071) |
| | Hispanic, Latino, or Spanish | 0.148** (0.072) | 0.058 (0.102) |
| | Other | -0.165* (0.082) | -0.113 (0.091) |
| Constants | Cut 1 | -7.001 (2.232) | 0.078 (4.656) |
| | Cut 2 | -5.790 (2.243) | 1.289 (4.653) |
| | Cut 3 | -3.678 (2.248) | 3.385 (4.657) |
| | Cut 4 | -1.637 (2.254) | 5.520 (4.657) |
| | <i>Observations</i> | 7,478 | 11,246 |

Robust standard errors, clustered by state, in parentheses.

*** p<0.01, ** p<0.05, * p<0.1

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